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J. George Johnston, Esq.

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Canada. Royal commission on publications.
Hearings. v. 1-2, 1960.

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ROYAL COMMISSION ON

Publications

HEARINGS

HELD AT
OTTAWA

VOLUME No.:

1

DATE:

NOV 14 1960

OFFICIAL REPORTERS
ANGUS, STONEHOUSE & CO. LTD.
372 BAY STREET
TORONTO
EM. 4-7383 EM. 4-5865



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ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

E R R A T A

- Vol. 1, pp. 61, line 81 ✓ Delete "question".
Insert "correction".
- Vol. 1, pp. 81, line 23 ✓ - Delete "area".
Insert "agate".
- Vol. 1, pp. 81, line 24 ✓ - Delete "area".
Insert "agate".





ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

ROYAL COMMISSION ON PUBLICATION

Proceedings of hearings held
at the Tariff Board Offices,
in the City of Ottawa, Ontario,
on the 14th day of November,
1960. et seq. at 10:30 a.m.

COMMISSION:

M. GRATTAN O'LEARY Chairman

J. GEORGE JOHNSTON Member

CLAUDE P. BEAUBIEN Member

P. MICHAEL PITFIELD Secretary

G.H. QUINN Administrative Officer



1
2 --- On commencing at 10:00 a.m.

3 THE SECRETARY: Ladies and gentlemen, the
4 following is an excerpt from a Minute No P.C. 1960-1270
5 of a meeting of the Committee of the Privy Council,
6 approved by His Excellency the Governor General on the
7 16th September, 1960.

8 "The Committee of the Privy Council
9 have had before them a report from the Right
10 Honourable John G. Diefenbaker, the Prime
11 Minister, representing:

12 That Canadian magazines and periodicals
13 add to the richness and variety of Canadian
14 life and are essential to the culture and
15 unity of Canada; and

16 That it has been alleged that because of
17 inequitable competition from foreign periodicals
18 of various forms the publication of Canadian
19 magazines has been prejudicially affected.

20 The Committee, therefore, on the
21 recommendation of the Prime Minister, advise
22 that:

23 M. Grattan O'Leary, Esquire, of the City
24 of Ottawa, John George Johnston, Esquire, of the
25 City of Toronto and Claude P. Beaubien, Esquire,
26 of the City of Montreal
27 be appointed Commissioners under Part I of the
28 Inquiries Act.
29
30



1 (a) to inquire into and report upon the recent
2 and present position of and prospects for
3 Canadian magazines and other periodicals
4 with special but not exclusive consideration
5 being given to problems arising from competition
6 with similar publications which are largely or
7 entirely edited outside of Canada or are largely
8 or entirely foreign in content; and

9 (b) to make recommendations to the government
10 as to possible measures which, while consistent
11 with the maintenance of the freedom of the press,
12 would contribute to the further development of
13 a Canadian identity through a genuinely Canadian
14 periodical press.

15 The Committee further advise:

16 That the Commissioners be authorized to
17 exercise all the powers conferred upon them by
18 Section 11 of the Inquiries Act and be assisted
19 to the fullest extent by government departments
20 and agencies;

21 That the Commissioners adopt such
22 procedures and methods as they may from time to
23 time deem expedient for the proper conduct of
24 the inquiry and sit at such times and at such
25 places in Canada as they may decide from time
26 to time;

27 That Mr. M. Grattan O'Leary be Chairman of
28 the Commission.

29 Signed by R.B. Bryce
30 Clerk of the Privy Council



The following is the text of a Commission appointing Mr. Grattan O'Leary, Esquire, John George Johnston, Esquire, and Claude P. Beaubien, Esquire, to be Commissioners under Part I of the Inquiries Act to inquire into and report upon the recent and present position of and prospects for Canadian magazines and other periodicals. M. Grattan O'Leary, Esquire, to be Chairman of the said Commissioners.

Dated 27th September, 1960.

Recorded 30th September, 1960.

Film 98 - Document 163.

Signed by F. Weatherhead

for Registrar General of Canada.

Reference No. 163102.

"ELIZABETH THE SECOND, by the Grace of God of the United Kingdom, Canada and Her other Realms and Territories QUEEN, Head of the Commonwealth, Defender of the Faith.

TO ALL TO WHOM THESE Presents shall come or whom the same may in anywise concern,

GREETING:

WHEREAS pursuant to the provisions of Part I of the Inquiries Act, Chapter 154 of the Revised Statutes of Canada, 1952, His Excellency the Governor in Council, by Order P.C. 1960-1270 of the sixteenth day of September, in the year of Our Lord one thousand nine hundred and sixty, a copy of which is hereto annexed, has authorized



1 the appointment of Our Commissioners therein
2 and hereinafter named to
3 (a) inquire into and report upon the recent
4 and present position of and prospects for
5 Canadian magazines and other periodicals with
6 special but not exclusive consideration being
7 given to problems arising from competition with
8 similar publications which are largely or
9 entirely edited outside of Canada or are largely
10 or entirely foreign in content; and
11 (b) make recommendations to the Government
12 as to possible measures which, while consistent
13 with the maintenance of the freedom of the
14 press, would contribute to the further
15 development of a Canadian identity through a
16 genuinely Canadian press,

17 and has conferred certain rights, powers and privileges
18 upon Our said Commissioners as will by reference to
19 the said Order more fully appear.

20 NOW KNOW YE that, by andwith the advice of Our
21 Privy Council for Canada, we do by these Presents
22 nominate, constitute and appoint M. Grattan O'Leary,
23 Esquire, of the City of Ottawa, in the Province of
24 Ontario; John George Johnston, Esquire, of the City of
25 Toronto, in the Province of Ontario; and Claude P. Beaubien,
26 Esquire, of the City of Montreal, in the Province of
27 Quebec, to be Our Commissioners to conduct such inquiry.

28 TO HAVE, hold, exercise and enjoy the said office,
29
30



1 place, and trust unto the said M. Grattan O'Leary, John
2 George Johnston and Claude P. Beaubien, together with the
3 rights, powers, privileges and emoluments unto the said
4 office, place and trust of right and by law appertaining
5 during Our Pleasure.

6 AND WE DO hereby authorize Our said Commissioners
7 to exercise all the powers conferred upon them by section
8 11 of the Inquiries Act and be assisted to the fullest
9 extent by government departments and agencies.

10 AND WE DO hereby authorize Our said Commissioners
11 to adopt such procedure and methods as they may from time
12 to time deem expedient for the proper conduct of the inquiry
13 and sit at such times and at such places in Canada as they
14 may decide from time to time.

15 AND WE DO hereby authorize Our said Commissioners
16 to engage the services of such counsel, staff and
17 technical advisers as they may require at rates of
18 remuneration and reimbursement to be approved by the
19 Treasury Board.

20 AND WE DO hereby require and direct Our said
21 Commissioners to report their findings to Our Governor in
22 Council with all reasonable despatch and file with the
23 Dominion Archivist the papers and records of the
24 Commission as soon as reasonably may be after the
25 conclusion of the inquiry.

26 AND WE further appoint M. Grattan O'Leary,
27 Esquire, to be Chairman of Our said Commissioners.

28 IN TESTIMONY WHEREOF We have caused these Our
29
30



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

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Letters to be made Patent and the Great Seal of Canada to
be hereunto affixed.

WITNESS:

The Honourable Patrick Kerwin, Chief Justice
of Canada and Deputy of Our Trusty and Well-
beloved Major-General George Philiass Vanier,
Companion of Our Distinguished Service Order
upon whom We have conferred our Military Cross
and Our Canadian Forces' Decoration, Governor
General and Commander-in-Chief of Canada.

AT OTTAWA, this twenty-seventh day of September
in the year of Our Lord one thousand nine hundred and
sixty and in the ninth year of Our Reign.

BY COMMAND,

Signed by C. Stein

UNDER SECRETARY OF STATE. "

The following is an excerpt from Minute No P.C.
1960-1352 dated Saturday, the 1st day of October, 1960:

"His Excellency the Governor General in
Council, on the recommendation of the Prime
Minister, is pleased hereby to appoint Michael
Pitfield, Esquire, of the City of Montreal,
Province of Quebec, to be Secretary of the
Commission appointed pursuant to Order in
Council P.C. 1960-1270 of 16th September,
1960, to enquire into the position of and prospects
for Canadian magazines and other periodicals....

Signed by R.B. Bryce,

CLERK OF THE PRIVY COUNCIL



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

Mr. Chairman, with your permission, I would like to file Order-in-Council Np. P.C. 1960-1270, as Exhibit No. O-1, Commission bearing Reference No. 163102 as Exhibit No. O-2, and Order-in-Council No. P.C. 1960-1352 as Exhibit No. O-3, in the records of this Commission.

---EXHIBIT No. O-1-60 - Order in Council P.C. 1960-1270.

---EXHIBIT NO. O-2-60 - Reference No 163102

---EXHIBIT NO. O-3-60 - Order-in-Council No. P.C. 1960-1352.

THE CHAIRMAN: Gentlemen, you have heard the terms of reference and other relevant facts concerning this Commission so you know what the Commission is about. It only remains for me to thank you for your cooperation in coming here and to assure you that this Commission has no sacred cause and to assure also that we shall give to your submissions the fullest, fairest and most objective consideration. Now, Mr. Laurin.

Before Mr. Laurin begins, may I make a ruling that is going to impose more penance upon me than upon anybody else. You will please refrain from smoking. The room is small.

Also, I might state that my fellow Commissioner, Mr. Beaubien is not present because his flight from Montreal was cancelled this morning. However, I can assure you that Mr. Beaubien is very familiar with the briefs filed with us and will be here this afternoon.



SUBMISSION OF PERIODICAL PRESS
ASSOCIATION

APPEARANCES:

MR. C.J. LAURIN, President of Periodical
Press Association.

MR. LAURIN: Mr. Chairman, the written
submission of the Periodical Press Association on
the problems facing the Canadian periodicals today is
before the Commission and copies are being released
to the press and to other interested parties.

We ask the Commission to accept that submission
as read and permit us today to enlarge upon some
aspects of the situation that it describes.

Should the Commissioners wish that the written
report be read into the record at the conclusion of my
oral presentation, I would be delighted to do so.

As President of the Periodical Press Association
I speak for publications that represent a very large
share indeed of Canadian owned magazine and business
paper and farm periodical business.

THE CHAIRMAN: Mr. Laurin, may I interrupt you,
please. We had hopes that participants here at the
outset would identify themselves and tell us for whom
they are speaking and what.

MR. LAURIN: I am sorry. I am C.J. Laurin,
president of the Periodical Press Association of Canada.

THE CHAIRMAN: And speaking for the periodical
press.

MR. LAURIN: Speaking for the Periodical Press
Association.



1 Our submission should be of deep concern
2 to all who deal in any form of communication -- and
3 to all who believe that it is vitally important to
4 preserve the identity of Canada as a separate nation
5 with a distinctive national viewpoint.

6 I will start with a simple statement: If
7 the present trend in foreign encroachment on Canadian
8 periodicals is allowed to continue, our member
9 publications will fade away, one by one, until, in
10 the easily foreseeable future, all periodicals avail-
11 able to Canadians will be under foreign domination.

12 The economic situation faced by Canadian
13 publishers will be such that as Canadian periodicals
14 disappear they will not be replaced by Canadian
15 publications, and that no Canadian publisher, or
16 would-be publishers, will be able to attract the
17 capital required to launch a Canadian periodical in
18 a new field.

19 This situation would be melancholy enough
20 if it concerned any Canadian enterprise in danger of
21 being swamped by foreign competition. But in the
22 case of periodicals it is particularly dangerous,
23 as our loss is not only in terms of dollars but in
24 terms of the health of Canada's national identity.

25 Canada's periodical press is more than a
26 business. It is true that our written submission,
27 and now my oral presentation, deals with its economic
28 problems. But it is important to understand that we
29
30



1
2 approach it from this viewpoint primarily because the
3 economics of periodical publishing are inextricably
4 bound up with the aspect which, to Canada as a whole,
5 is by all odds the most important.

6 The periodical press is a continuous record
7 of the nation's aspirations; it leads and reflects
8 the people's thinking; depicts the Canadian way of
9 life and points the way to its betterment and enrich-
10 ment. It is a tremendous force in the culture, the
11 very education, of Canadian youths and adults,
12 including the millions of newcomers to Canada in recent
13 years.

14 In considering the role of Canadian periodicals
15 as an educational force, let us take a parallel.
16 Supposing another great educational medium, the
17 schools, were forced to teach Canadian students U.S.
18 history, social studies, geography and literature
19 for four-fifths of the time, and largely by means
20 of U.S. textbooks produced as over-runs of books
21 prepared for U.S. schools. The public outcry would
22 be violent. Yet the educational function of
23 periodicals is being handled in Canada by publi-
24 cations that are preponderantly American, and
25 periodicals are a great force in education.

26 The Canadian periodical press is, in
27 addition to its role of employer and purchaser of
28 supplies which it shares with all industries,
29
30



1
2 particularly the supporter of Canadian literary and
3 artistic talent. Or, as the Massey Commission
4 report put it, it is Canada's "closest approximation
5 to a national literature."

6 Perhaps the vital need for a healthy
7 national periodical press can best be summed up by
8 saying that if Canadian periodicals vanished, the
9 Government would be forced by sheer national necessity
10 to establish a new periodical press subsidized along
11 the lines of the C.B.C.

12 Far from being comforting, the thought of
13 that eventuality stresses the magnitude of the urgency
14 for giving Canada's periodicals some relief from
15 foreign competition, particularly foreign competition
16 that is often unfair, and frequently subsidized as
17 well.

18 Now, Mr. Chairman, I would like to describe
19 the conditions faced by Canadian periodicals, conditions
20 which have up to now had most adverse affects on
21 Canadian communications media, and which show every
22 indication of growing more, rather than less,
23 dangerous for the future.

24 The first of these, and the one from which
25 the later and even more dangerous conditions stem,
26 is what is known as overflow circulation. Overflow
27 circulation is that portion of the circulation of
28 foreign periodicals (as produced for their own
29 domestic market) which is distributed in Canada.
30



1
2 It has been a major problem to Canadian publishers since
3 the inception of periodicals in Canada.

4 Until quite recently it was largely confined
5 to consumer magazines, and only the very strong
6 Canadian magazines have survived against it. It is
7 not possible to attribute the failure of a magazine
8 to any one cause, but there is no doubt in the minds
9 of Canadian publishers that the death of the
10 Canadian Magazine, New World, National Home Monthly,
11 Canadian Home Journal, and others, could be attri-
12 buted in substantial part, to overflow circulation
13 with its direct and indirect effects. Also, with
14 one possible exception, there are no Canadian
15 National Magazines of any substantial circulation,
16 started since 1930, in existence today.

17 We would like to examine the direct effects
18 of overflow circulation first. Here is the situation.
19 Any Canadian who looks at a newsstand or has a mail
20 box, cannot help but realize that Canada is engulfed
21 with U.S. periodicals. Of the 103 magazines which
22 have over 10,000 single copy sales per issue in
23 Canada, only 9 are Canadian. Of these, five are in
24 the French language and four in English.

25 In 1948 the number of copies sold in
26 Canada, of those U.S. consumer magazines whose
27 Canadian circulation is shown in Audit Bureau of
28 Circulation reports, totalled approximately 86 million
29 and the equivalent Canadian circulation totalled
30



1 41 million. Canadian magazines, in 1948, were
2 outnumbered 2 to 1. The latest comparable figures,
3 for 1959, show U.S. magazine sales at 163 million
4 and Canadian sales at 46 million. Canadian magazines
5 are now outnumbered nearly 4 to 1. Approximately
6 4 out of 5 magazines now sold in Canada are American.
7

8 And I am talking here about only those
9 American magazines whose circulation we can check
10 through audit. There are literally hundreds of
11 thousands, if not millions, of copies of other
12 American magazines sold in this country whose circu-
13 lations are not subject to audit and whose volume we
14 cannot therefore arrive at or even estimate.

15 In 1959, Canadians spent over 25 million
16 dollars on the overflow copies of U.S. publications,
17 and those are the ones that we know about, the ones
18 we can audit, and if we add Canadian editions to
19 that group, the figure rises to well over 30
20 million.

21 In checking newsstands, in several
22 cities, we find that U.S. publications outnumber
23 Canadians by something in the area of 20-30 to 1.
24 For example, a check of the newsstand in Eatons
25 College Street, Toronto -- a really excellent news-
26 stand and one that is free of the less desirable
27 types of magazine -- showed 217 different U.S.
28 magazines, 15 British and 10 Canadian. Here in
29 Ottawa, at the Chateau, there are 132 U.S.
30



1 publications, 3 British and 13 Canadian magazines
2 on sale. Incidentally, the Chateau newsstand is
3 more favourably disposed towards Canadian magazines
4 than most.

5 In brief, U.S. magazines are saturating
6 our market, both in total sales and on our newsstands.
7 In French Canada, too, you will find imported magazines
8 in the French language heavily outweighing our
9 domestic Canadian French language publications on
10 the newsstands. But this overall situation is not
11 confined to consumer magazines.

12 In 1949 there were 510 different U.S.
13 business papers overflowing into Canada. In 1959
14 there were 1,497, which is an increase of 193 per
15 cent.

16 The total circulation of U.S. business
17 papers flowing into Canada in 1949 was 225,500, in
18 1959 it was 1,122,600 that represents an increase of
19 400 per cent in circulation in ten years.

20 In addition, and very significantly as
21 I will show later, this represents an increase in
22 the average Canadian circulation per U.S. business
23 paper of 70 per cent in that same ten-year period.

24 To date, Canada's agricultural publications
25 have been subjected to less U.S. competitive pressure
26 than either magazines or business papers. In the past
27 ten years, however, a number of U.S. specialty farm
28 publications -- e.g., poultry and cattle magazines --
29



1
2 have begun developing circulations in Canada.

3 What are the implications of this tremendous
4 circulation of foreign periodicals, with the upward
5 trend I have indicated?

6 These can be stated briefly, but that brev-
7 ity is no reflection of their relative importance.
8 We always have, and we always will have, to compete
9 with the very high level of excellence of individual
10 U.S. magazines. This is good for us, keeps us on
11 our toes, and sets our minimum standards at a very
12 high level indeed. But when such individual
13 magazines are stacked 20 to 1 against us on our
14 newsstands, and when our mails are flooded with their
15 special subscription offers, the circulation growth
16 of Canadian magazines is restricted and made much
17 more costly.

18 Overflow circulation is the basic reason
19 that very few Canadian periodicals are able to obtain,
20 or maintain, a surplus of net revenue over costs in
21 their circulation operations. The advertising
22 dollar is the life blood of all North American
23 periodicals. But to obtain advertising revenues,
24 adequate circulation coverage of the market the
25 advertiser is seeking must be achieved. This has
26 been a costly business for Canadian periodicals,
27 competing against the sheer weight of numbers from
28 south of the border.

29 I come now to the indirect effects of
30



1
2 overflow circulation, and as they are concerned with
3 advertising dollars, which are the essential require-
4 ment for successful periodical publishing, I should
5 state that the magazines of Magazine Publishers
6 Association carry 90 per cent of the total net ad-
7 vertising revenue placed in Canadian consumer
8 magazines. Business Newspaper Association members
9 carry 67 per cent of the total net advertising
10 revenue in Canadian business publications, and the
11 Agricultural Press Association member publications
12 carry 53 per cent of the total net advertising revenue
13 in Canadian Agricultural magazines.

14 U.S. periodicals entering Canada carry a
15 heavy volume of advertising. For example, the value
16 of United States advertising overflowing into Canada
17 only in those consumer magazines for which we could
18 obtain advertising revenue figures, and whose
19 Canadian circulation is in excess of 25,000 copies
20 per issue, totalled approximately \$20 million in
21 1959. Now, in Canadian magazines the total net
22 advertising revenue is something in the area between
23 \$12 million and \$13 million. This gives you a
24 comparative figure. Now, that figure that I
25 quoted of approximately \$20 million, is the
26 value of the Canadian circulation pro-rated against
27 the total advertising revenues of those publi-
28 cations. A high proportion of this advertising
29 benefits -- either directly, or in name identification --



1
2 the Canadian branch plant operations of U.S. parent
3 companies.

4 When I first came into the publishing
5 business in the 1930's, U.S. branch plants felt that
6 they could depend to an important degree on their
7 parent advertising in overflow circulation to do their
8 magazine advertising job in Canada. Magazine ap-
9 propriations for Canada were frequently charged --
10 on a pro-rated basis -- with the value of overflow
11 circulation, or were frequently established at a
12 lower level than otherwise would have been the case.
13 Obviously such practices slowed the development of
14 Canadian magazines.

15 This kind of thinking was slowly overcome
16 as it came to be realized that Canadians did not
17 read American magazine advertising as though it were
18 directed to them. This stemmed from the fact that
19 many of the products and services they read about
20 were not available in Canada, or were available only
21 at a different price, and the threat of overflow ad-
22 vertising gradually diminished.

23 But it has started to move up again, and
24 move up fast, because goods and services of the
25 United States are more generally available in
26 Canada today than they were 25 years ago, and
27 people reading it recognize the names of the
28 products more readily.

29 We have had October 1960 issues of
30



1
2 several leading U.S. magazines checked, and these
3 were checked during the week of October 17,
4 magazines picked up from the newsstands, and I will
5 give you the percentage of the advertising which
6 applies, but I will also submit the magazines them-
7 selves as an Exhibit, Mr. Secretary, and they can
8 be checked for the accuracy of the figures.

9 MR. PITFIELD: They will be Exhibit No.
10 Q-4-60.

11 ---EXHIBIT NO. Q-4-60: Bundle of magazines.

12 MR. LAURIN: Thank you. In checking
13 these we found that about 70 to 80 per cent of the
14 advertising carried in them is applicable to Canada.
15 Also, the products being advertised are frequently
16 either household names in Canada, or carry --
17 prominently displayed -- "also available in Canada".
18
19 -
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21 -
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1 We think that overflow advertising as a whole
2 has adversely affected all Canadian media by holding the
3 total volume of Canadian advertising at a lower than
4 normal point. For instance, Canadian percapita
5 expenditure on advertising of all types is \$33.50 a year
6 as against \$62.85 a year in the United States. Our
7 percent of advertising expenditure to gross national
8 product is 1.69 per cent, and in the United States this
9 figure is 2.32 per cent.

10 Again, we took the fifteen largest advertisers
11 in the United States, who use all media, and found what
12 they spent on U.S. magazine advertising in 1959.
13 Then we found out what they spent in Canada. Their
14 expenditures in Canada on a basis of market potential,
15 retail sales, population, gross national product, etc.
16 might be expected to be in the area of 7 to 10
17 per cent of the U.S. figure. It was much lower, only
18 1.9 per cent.

19 National advertisers today merchandise their
20 national advertising. That is to say they tell their
21 retailers what media they are using for their national
22 campaign, and sell the retailer on the demand that will
23 be created for their products. This is a very sound
24 practice, but let me show you a few examples of how
25 advertising in the overflow circulation of U.S.
26 magazines is merchandised to Canadian retailers as a
27 replacement for Canadian magazine advertising. It
28 illustrates the growing importance attached to overflow
29
30

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ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

(Laurin) - 21 -

1 advertising, by manufacturers who sell on both sides
2 of the border.

3 Mr. Chairman, I have a series of slides.
4 This is an ad that happens to be one of the series
5 for Fran Filters taken in the Saturday Evening Post.
6 On slide 2 you will see that merchandised in a Canadian
7 business paper. The part that is outlined in red
8 on the slide says "As advertised in the Saturday
9 Evening Post."

10 Here is a Continental Can advertisement
11 taken in Life for a product called Bondware.

12 The next slide will be 4. You will see
13 that this is as merchandized to the Canadian Retailer
14 and Canadian Grocer. You will see an "As advertised
15 in Life" sign strongly featured in the centre
16 of the advertisement.

17 On slide No. 5 we have McCall's Magazine
18 Richard Hudnut advertising. The advertisement in
19 McCalls is featured in Drug Merchandising to sell the
20 Canadian retailer the value of this advertising in
21 McCalls Magazine.

22 There is another one there, Swank Jewellery
23 advertising in Life in four colour, and then
24 merchandised in Men's Wear Canada to the Canadian
25 retailer stressing the importance of this being
26 an advertisement in Life.

27 The next one we find is an advertisement
28 for a product called Trim Fit. Ringed in red which
29 I will read is:

1. Introduction

2. Theoretical Framework

3. Methodology

4. Results

5. Discussion

6. Conclusion

7. Acknowledgements

8. References

9. Appendix

10. Bibliography

11. Glossary

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17. Executive Summary

18. Introduction

19. Theoretical Framework

20. Methodology

21. Results

22. Discussion

23. Conclusion

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26. Appendix

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30. List of Figures

31. List of Tables



1
2 "Advertised in Week End, NBC - TV Network,
3 Look, McCalls, My Baby, Your New Baby and
4 New York Times magazine.

5 I would just like to point out this does
6 not exclude Canadian periodicals, it does exclude
7 Canadian magazines.

8 In slide No. 8 Art Knit originals are
9 shown in Style and in the Canadian Merchandiser. The
10 importance is apparent in the heading. It shows these
11 products as being featured in Seventeen, Vogue,
12 Mademoiselle and Glamour.

13 Benrus Watch, this ad appears in the Canadian
14 Jeweller. I would like to read this because I think
15 it is of interest:

16 "With this wind-up everyone sees

17 Benrus."

18 It appears in Life, Look, Saturday Evening
19 Post, Argosy, Field and Stream, Good Housekeeping,
20 Ladies Home Journal, McCalls, Parents, Sports Afield,
21 True plus the Wizard of Oz TV spectacular. This is
22 in Canadian Jeweller appealing to the Canadian Retailer
23 and showing the value of the advertising taken in the
24 overflow publications.

25 Linde Stars, a jewellery item appearing in
26 Canadian Jeweller. It says in the area ringed in
27 red on this slide No. 10: "To create a demand for
28 for Linde Stars, full colour advertisements will soon
29 be appearing in Esquire, the New Yorker, Mademoiselle
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ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

(Laurin) - 23 -

1 and the Saturday Evening Post - all magazines with
2 a wide circulation in Canada. Plan now to have a
3 selection of Linde Stars on hand. Then, when your
4 customers ask about Stars, you will be ready.

5 Jockey briefs, you see an advertisement for
6 Jockey briefs, a full page in black and white in the
7 Saturday Evening Post and in Mens Wear, a Canadian
8 merchandising paper. This advertisement is featured,
9 is advertised in Time, Life, Perspective, Week-end,
10 Esquire, Star Weekly, La Presse, Post, Sports
11 Illustrated and Post. This last one is a rather odd
12 one. It is not merchandising in the true sense of the
13 word. Saturday Evening Post obviously wishes to sell
14 its advertising and to impress people who are buying
15 advertising of its importance in foreign fields. This
16 is something Saturday Evening Post put up as an
17 advertising sales piece.

18 A Canadian firm in Toronto, A.L. Toigis and
19 Son Limited, I will read the top part of this to you:
20 "Canadian jobber, A.L. Toigis and Son Limited, Toronto,
21 Ontario finds dealers sold on the Saturday Evening
22 Post for its automobile advertising." Then at
23 the bottom of the copy Mr. Torgus is quoted as saying:
24 "Our ultimate profit, says Mr. Torgus, is only made
25 where the Saturday Evening Post completes our selling
26 job by making the buying public receptive to the
27 brands we handle." At the bottom here: "The
28 Post happily and proudly accepts the partnership
29 role assigned to it by this fine old firm north of the
30



1 borderⁱⁿ.

2
3 Mr. Chairman, the advertising content of
4 overflow circulation has adversely affected the
5 advertising revenues of Canadian periodicals, and other
6 media, in varying degrees, for a great number of years.
7 Its adverse affects are on the upswing now, for the
8 reason I have already described and others that I
9 will come to later.

10 It has also affected the Canadian manufacturer,
11 or the Canadian subsidiary of a commonwealth firm,
12 whose advertising in Canada has no parent company
13 overflow advertising to help it, and who has to offset
14 such advertising before he starts competing with the
15 U.S. branch plant. And it has, undoubtedly, pre-sold
16 the Canadian market on U.S. goods and services, making
17 it much easier for U.S. competition to move into
18 Canada, against established Canadian firms.

19 Another unfair advantage enjoyed by the
20 products of some U.S. branch plants over Canadian
21 producers is this: American advertisements, published
22 under U.S. laws, can direct at Canadian consumers
23 claims for their products which Canadian laws do not
24 permit Canadian advertisers to make. I will cite one
25 or two examples. One U.S. brand of gelatin made
26 in Canada by a subsidiary company features, in
27 overflow U.S. advertising, its use in preventing
28 brittle fingernails. Its principal competitor, made
29 by a Commonwealth company, is not permitted to make
30



1
2 such claim in its Canadian advertisements. In the
3 same manner a U.S. - originated cooking oil purports
4 to guard its users against heart trouble. The Canadian
5 producer of a similar oil could not, if he wanted to,
6 make that claim. There is no basic difference in the
7 ingredients of those related products - the only
8 difference is the laws of the two countries. And we
9 must assume that the Canadian law exists because
10 Canadian authorities do not believe that the claims
11 permitted by U.S. laws are justifiable.

12 Apart from the adverse effects of overflow
13 circulation, perhaps its most outstanding and
14 astonishing aspect is that U.S. publishers in this
15 field are subsidized, in effect, by both the U.S. and
16 Canadian governments.

17 The Canada Post Office allows U.S. publishers
18 to truck or ship their magazines into Canada and mail
19 them in Canadian post offices at rates lower than
20 in the U.S. This procedure was established several
21 years ago in a laudable effort to earn some revenue
22 for Canada, since this country receives no revenue for
23 handling magazines mailed in a foreign country. On
24 the other hand, U.S. publishers who mail to Canada
25 from within the U.S. enjoy a lower rate than U.S.
26 magazines mailed to any point within the United
27 States 1,000 miles or more distant from the place
28 of origin.

29 Mr. Chairman, I have these figures in here.
30



1 I thought it might be helpful if the Commission had
2 a map of the postal rates. That map is based on
3 one pound magazines containing 50 per cent advertising
4 and it shows the various zones. Copies of that,
5 photostat copies are available if they are required
6 as an exhibit or to go in part of the transcript.

7 MR. PITFIELD: That will be Exhibit 0-5-60.

8 EXHIBIT 0-5-60: Map of postal rates.

9 What this means is that a publisher in the mid-west can
10 mail his magazine to any part of Canada for lower cost
11 than to New York or San Francisco. A New York
12 publisher can reach any Canadian address -- even far-
13 off Yukon -- at lower rates than he must pay to reach
14 any U.S. address a little west of Chicago.

15 The effect of U.S. periodicals on Canadian
16 postal services and operating deficits is of real
17 concern to Canadians. The last reported deficit of
18 the Canada post office on second-class mail of all
19 types, foreign and domestic, was over \$21,000,000.
20 And our figures indicate that among ABC-audited
21 publications alone, the Canadian Post Office carries
22 eight tons of U.S. magazines for every one ton of
23 Canadian.

24 Not only are Canadian periodicals responsible
25 for a much smaller part of the Canadian postal deficit
26 than their foreign competitors, but the increases we
27 have had in second-class rates have had the direct
28 effect of penalizing all Canadian publications to
29 subsidize still further the circulation of foreign
30



1 publications in this country.

2 We have seen why the Canada post office gave
3 U.S. publishers a special dispensation to mail their
4 product inside Canada. But why is the U.S. postal
5 rate lower to any point in Canada than to many points
6 in their own country?

7 In the answer to that question we find a
8 design by the U.S. authorities to encourage circulation
9 of U.S. magazines in Canada for propaganda purposes,
10 to disseminate the American viewpoint. In the words
11 of Hon. Arthur E. Summerfield, Postmaster-General of
12 the U.S., the special rate authorized in November,
13 1958, was, and I now quote him in brief.

14 'planned...in view of the....desire of
15 Americans to encourage their influence
16 abroad....to encourage continued growth
17 of the world market for printed materials
18 which spread American ideals, culture and
19 facts, abroad".

20 Gentlemen, that word "abroad" may mislead you.

21 Since over 75 per cent of all printed matter
22 exported from the U.S.A. comes to Canada, it is obvious
23 where the U.S. government expects to spread most of
24 these "ideals, culture and facts."

25 Surely this is evidence of high American
26 policy to use American periodicals to promote American
27 ideas in Canada. But we feel strongly that it is
28 important to this country -- and for that matter to
29



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

Laurin - 28 -

1 the U.S. and other countries of the free world --
2 that Canada retain its independence of thought and
3 opinion. Our voice in world affairs will be
4 woefully weakened if our thinking merely reflects --
5 or is believed by others to reflect -- the thinking of
6 a more powerful country.
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1 Canadian laugh scornfully, or become angry,
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3 when spokesmen of the Soviet bloc call us a satellite
4 of the U.S. But are we not in grave danger of
5 becoming cultural and intellectual satellites of the
6 U.S. when our reading matter becomes so increasingly
7 American?

8 Now to get back to the commercial aspects
9 of the problem. I want to deal with some other
10 foreign competitive practices, many of them unfair,
11 which have been launched from this base of overflow
12 circulation. These practices are based on by-
13 product publishing. This takes two main forms:

14 The first is the special "Canada"
15 editions of U.S. publications. The
16 second is broader; it covers a lot of
17 different things but they all come within
18 the same general area, that of special
19 "Canada" sections bound into U.S. publi-
20 cations, "split runs" and "regional" ad-
21 vertising in copies of U.S. publications
22 circulating in Canada.

23 The special "Canada" editions I will deal
24 with first. They were started in 1943 by Time
25 and in 1947 and 1948 by Reader's Digest. They con-
26 vert overflow circulation into issues which make
27 some modest pretence to take a special interest in
28 Canada editorially as well as for purposes of selling
29 advertising. Actually, they are "special" largely
30



1
2 in that they carry, throughout, Canadian advertising
3 for Canadian consumption. Their editorial content
4 is almost entirely purchased for the parent edition
5 and reused in the satellite Canadian edition.

6 The saving in editorial costs over those
7 of a Canadian magazine which must originate all
8 its own editorial material, allows such publications
9 to sell advertising at lower rates than an equivalent
10 Canadian publication could possibly establish.

11 These editorial savings come out of the
12 pockets of Canadian writers, editors, artists, and
13 many other workers. They allow more money for ad-
14 vertising sales effort, other promotions, and
15 profit, than in Canadian publications which do under-
16 write Canadian talent and disseminate the Canadian
17 viewpoint.

18 In the case of Reader's Digest, Selection
19 du Reader's Digest is also produced for French
20 Canada. Because they publish in French for other
21 countries, and editorial costs are shared, they
22 are able to undersell the advertising rates of
23 domestic French-language magazines.

24 In 1948, the first year that Reader's
25 Digest English and French editions were published, and
26 two or three years after Time started, Reader's
27 Digest and Time between them took 18.1 per cent
28 of the total amount of advertising revenue in all
29 magazines whose advertising lineage and revenue is
30



measured, in Canada. In 1960 they took 42.4 per cent for the first six months. We have just received the figures to the end of October and this percentage has now risen to 43 per cent, which is the highest in its history.

In brief, two foreign magazines, published as a by-product operation, carried 70 cents of Canadian advertising for every single Canadian advertising dollar carried in total in the 9 leading Canadian magazines. So you have nine Canadian magazines carrying one dollar and two by-product operations carrying 70 cents. That is the ratio between them today.

Every dollar spent in such publications is lost to all Canadian media. If they had not been spent in foreign media they could have been spent in Canadian newspapers, radio stations, TV or magazines. As this type of drain continues and develops, more and more Canadian media will be hurt.

In previous discussions on this subject, these publications have claimed that their "Canada" editions have generated a great deal of the steadily increasing volume of advertising appearing in their pages. It has been suggested that they have developed such intensive selling of magazine advertising that they have actually helped Canadian magazine publishers to develop more revenue than would otherwise be the case.



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2
3 I am afraid the statistics do not support
4 that contention. The share of total print media ad-
5 vertising obtained by magazines in Canada, including
6 Reader's Digest and Time, was 7.4 per cent in 1948
7 and 7.1 per cent in 1959. It is not much of a
8 change, but the change is down, not up.

9 The competitive situation in overflow circu-
10 lation and "Canada" editions is bad enough. But
11 changes in the technology of publishing, combined
12 with and based on the heavy overflow circulation in
13 Canada, have permitted a third and even more dangerous
14 encroachment on the Canadian periodical field.

15 This is the introduction, for the sole
16 purpose of selling advertising, of Canadian sections,
17 regional editions and split runs of U.S. magazines.
18 The trade journal, Mediascope, defines this as
19 follows:

20 "In a geographic split run, the publi-
21 cation sells its whole circulation, either
22 to a single advertiser who exposes two or
23 three brands to different parts of the
24 country; or to two or more advertisers who
25 divide the circulation geographically
26 according to their different -- but comple-
27 mentary -- marketing needs. In a sectional
28 sale, the publication sells only that part
29 of its circulation that reaches a limited
30 and clearly defined geographic area."



5 1
2 What this means to Canada -- which is being
3 treated for advertising purposes much as if it were
4 a region of the U.S.A., -- is that under today's
5 regulations virtually all U.S. periodicals flowing
6 across our borders can -- if they want to -- carry
7 Canadian advertising to their Canadian readers. There
8 is nothing to prevent any Canadian branch plant of a
9 U.S. company from asking that the parent company's
10 advertisement be replaced by a branch plant advertise-
11 ment in those copies that enter Canada.

12 This makes overflow circulation, which is
13 or can be used as a base for such advertising, more
14 important than ever before. The cost of stopping
15 the presses and substituting a new plate carrying
16 the Canadian advertisement is trifling, compared with
17 the costs of a Canadian publisher who must bear the
18 entire publishing costs.

19 I would like to show you some examples of
20 this so that we will be clear as to what we are
21 talking about.

22 Here are some slides of six runs.

23 Slide No. 1: This is an advertisement
24 for the Capitol Record Club appearing in Life.
25 You will see there, inserted in the middle of the
26 double page spread, there is illustrated a post-
27 card. That reply postcard carries the Canadian
28 firm's name and address, Capitol Record Club of
29
30



1
2
3 Canada, Toronto", and that is where it is mailed.

4 Slide No. 2: This speaks for itself --
5 "Adams Whisky, a special gift for Canadians",
6 appearing in Saturday Evening Post. The addresses
7 for Adams are given there as Toronto and Vancouver.

8 Slide No. 3: Brook Bond, appearing in
9 Saturday Evening Post. Just below the left foot
10 of the bear is the back of a premium card. This
11 premium card shows a Canadian address, and again
12 that is a Canadian address in the main body of the
13 copy.

14 Slide No. 4: General Insurance Company of
15 America advertising in the Canadian copies of the
16 Saturday Evening Post. There is no United States
17 address included in that advertisement. The
18 Canadian head office address is given in Vancouver
19 and the service offices in several Canadian cities
20 are listed by Canadian names. The man in the ad-
21 vertisement in J.L. MacDonald, Oakville, Ontario.

22 Slide No. 5: here is another Adams ad-
23 vertisement in Look, a double page spread carrying
24 across the top a special message to Canadians --
25 quite.

26 Slide No. 6: this is Warren K. Cook and
27 Sanitone Dry Cleaning, a combined advertisement in
28 the Canadian copies of Look. The boxfull of
29 small types covering a large portion of this ad-
30 vertisement lists Canadian dealers by cities from



1
2 place to place, by provinces.

3 Slide No. 7: This is Calvert advertising
4 in Look, again carrying the note "A Special Invitation
5 to Canadians".

6 Slide No. 8: Here is an advertisement
7 for the Encyclopaedia Britannica appearing in
8 McCall's magazine. The return postcard here is
9 to the Toronto address at Queens Quay in Toronto.

10 Slide No. 9: This is another whisky
11 advertisement, carrying a special message to
12 Canadians appearing in Look.

13 Slide No. 10: this is rather interesting.
14 It appears in a very recent issue of Life. That
15 advertisement for deLuxe toys, on the upper left-
16 hand side, "Sold only at Leading Food Stores
17 Across Canada". Then, to tie this in -- we dis-
18 cussed merchandising in regard to the other aspect --
19 with the sales, we have the display card.
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1
2 Slide No. 11: This display card appeared
3 in many of the chainstores across Canada in consider-
4 able numbers. I stole that display card
5 in a small village outside Toronto. It was one of
6 five and I did not think it would be missed.
7

8 Those are all the slides that I have to
9 show you at this point.

10 I think we will have noted
11 the special appeal to Canadians as shown in these
12 advertisements. That special appeal breaks down
13 further the resistance that I described earlier of
14 Canadian readers to the United States magazine
15 advertising because it directs their attention
16 specifically to the advertising appearing in
17 United States magazines. If this keeps up for long
18 Canadians will really start reading United States
19 magazines, as if all the advertising were directed
20 specifically to them. This will enhance the value
21 of overflow advertising and cut further, though in-
22 directly, into the revenues of Canadian periodicals.

23 I have not yet touched on another form of
24 foreign competition, the "Canadian Section".
25 Argosy and True are prime examples. They have, up
26 to now, printed a few extra pages, containing some
27 so-called Canadian editorial content. Then they
28 have sold Canadian advertising around those pages.
29 This constitutes, in their eyes, a Canadian section,
30 and is bound into only those copies circulating in



Canada.

I will submit these two or three examples.
Here is one: The "Special Canadian Issue" which
has a few pages of Canadian contents in it under
"Canada Today", and carrying Canadian advertising.
This one, Argosy again is called "Canadian Edition"
and it again carries a few pages -- 16 in this one --
of Canadian content with Canadian advertising
around it. Here is another special Canadian edition
of Argosy, and it again carries a 16-page section
with "Canada Today" as the headline. Actually
"Canada Today" in this one is dated
February 1st, 1912!

True call it a "Special Canadian Edition"
and it is again a special Canadian section of 16
pages. I think it is interesting to note that
these sections appear in the Canadian copies of these
magazines. They do not circulate in the States
thus carrying other information on Canada to the
United States. It is purely in the Canadian copies.



1
2 MR. LAURIN: I won't go through these further,
3 sir. There are just some examples of Argosy and
4 True to demonstrate the Canadian section approach.

5 MR. PITFIELD: They will be filed as Exhibit
6 No. 0-6-60.

7 ---EXHIBIT 0-6-60: Issues of Argosy and
8 True.

9 MR. LAURIN: In submitting these samples,
10 I would like to point out that the publishing costs
11 of this particular practice are minimul compared with
12 those of the Canadian publisher, as to publishing
13 costs and producing the entire magazine. The great
14 bulk of the magazines are produced entirely for their
15 domestic audience and then this small section is
16 added afterwards, and this can apply not only in
17 magazines, but any business papers and farm papers with
18 equal ease. There is nothing whatever to prevent
19 them at the present time.

20 I mentioned earlier that the trend towards
21 increased overflow circulation has a very great
22 significance. I think you can see now the reason
23 why it is so significant. The higher the
24 circulations of foreign publications in this country,
25 the better base is provided for the use of split runs,
26 Canadian sections, regional editions, etc. The
27 more Canadian circulation that a U.S. publication has,
28 the more interest is aroused in the branch plant
29 operator to utilize that overflow circulation to sell
30 his products in Canada. The higher the Canadian



1 circulation, the more inducement is offered for a
2 foreign publisher to split off a so-called Canadian
3 edition.
4

5 The circulation of U.S. magazines now
6 carrying Canadian advertising to Canadians, which includes
7 that of Canadian editions, Canadian sections, split
8 runs, regionals, and so on, totals today 3,300,000
9 copies per issue or nearly half again as much as the
10 total circulation of the nine leading Canadian magazines,
11 and these comprise roughly thirteen U.S. publications
12 carrying Canadian advertising. There are better
13 than one hundred U.S. publications we know of who
14 will accept split run and regional editions. You can
15 see the direction in which the trend is moving.

16 When we see **this** growing circulation, combined
17 with the very rapidly developing trend towards split
18 runs, regional editions, etc. building up south of the
19 border, we can only reach one conclusion -- and that
20 is that we are faced with a practice quite impossible
21 to combat through any normal competitive means.

22 Mr. Chairman, I would like to point out that
23 Canadian magazine publishers faced with this sort of
24 problem that we have described to you, up to now have
25 in no way permitted these disadvantages to reduce
26 the effectiveness of their magazines. Instead, they
27 have continued to spend increasing amounts on editorial
28 content, with the result that the Canadian magazines
29 which have survived have steadily increased in
30



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TORONTO, ONTARIO

Laurin - 40 -

1 excellence. Remarks have been made in the past by
2 some of our foreign competition that the only thing
3 that is wrong with Canadian periodicals, is the
4 periodicals themselves. It has been stated that
5 if they were good enough they would not be affected
6 by competition either from overflow, Canadian editions,
7 or split runs. I think that nothing could be
8 farther from the truth.

9 I would happily have this Commission place
10 Canadian periodicals side by side with the output of
11 publishers anywhere and have the closest study, and
12 have complete confidence that the comparison would
13 be favourable. However, the point is that under the
14 conditions faced by the Canadian periodicals over the
15 years, and with the conditions that they are facing
16 now, it is a great wonder that they are so good. In
17 fact, in my mind, and I have been in this business for
18 a long time, it is a miracle that they exist at all.

19 If any more cease publication, and we have
20 left - in the consumer field today - only five
21 independent English language national magazines of
22 any substantial circulation - if any of these cease
23 publication, who will replace them? Canadian
24 publishers simply can't and won't take the risk of
25 entering fields where they are now, or may be
26 tomorrow, faced with competition from foreign
27 publications with their heavy built-in low cost
28 advantages and, by Canadian standards, huge resources.
29
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ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

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1 In our opinion, they could only be replaced
2 - if at all - by another "Canada Edition" of a U.S.
3 magazine. In short, by a satellite magazine treating
4 Canada as a satellite nation.

5 Now, Mr. Chairman, I have highlighted the
6 problems facing the Canadian periodical press. I
7 reiterate that unless means are found to enable Canadian
8 periodicals to survive in the face of such foreign
9 encroachments there will be no Canadian periodical
10 press.

11 I would like to make one more comment -- a
12 comment about freedom of the press. I am one of those
13 who feel that there must be absolute freedom of the
14 press. But that freedom should include the right of
15 Canadians to read Canadian periodicals, and they are
16 going to be deprived of that right - and soon - if
17 nothing is done.

18 We do not want to interfere with the free flow
19 of information between Canada and any country, but we
20 believe that the free flow of information should not
21 be confused with the free flow of advertising, which -
22 on a purely commercial basis - will eventually eliminate one
23 of Canada's great communication media, Canadian periodicals.

24 Mr. Chairman, in the past 40 minutes or so I
25 have dealt with the financial problems facing Canadian
26 periodicals than with the damage to the Canadian identity
27 which would result from their disappearance. It is
28 not possible to separate publishing as a business from
29
30



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

Laurin

- 42 -

1 publishing as a cultural and informative source.

2 The respected London Economist recently stated the
3 situation in a very few words:

4 "A newspaper, both to survive and
5 stay free, must earn more than it spends."

6 That applies exactly to Canadian periodicals. But
7 there is much more to publishing a periodical than the
8 purely commercial aspect.

9 We think of our publications as instruments
10 in helping the people of Canada to achieve true
11 nationhood. Canada's periodical press is a significant
12 agency - by no means the only one, but certainly an
13 important one - in nurturing and protecting our native
14 thought and in maintaining a fierce spirit of pride
15 in nationhood among the people of this country.
16 Periodicals are a medium for the interchange of
17 Canadian news, information, ideas and concepts
18 between the various peoples of Canada. They render
19 a service to the people of Canada in helping them
20 to be more efficient in their daily activities in
21 the factory, office, shop or home and this adds to
22 the prosperity of Canada. Periodicals help to keep
23 Canadians better informed in their daily life. These
24 things they do are no mean service.

25 THE CHAIRMAN: Excuse me for interrupting
26 you, but how long do you think you are going to be
27 before you are finished?

28 MR. LAURIN: About four minutes, sir, or
29
30

1
2 three minutes. These are no mean services and we
3 hope that these services can be preserved and enlarged.

4 This is a nation grandly conceived. We are
5 a nation that is out-going in friendship. With no
6 peoples are we more friendly than with the American
7 people. But it would be a finale of supreme irony if
8 the fruit of our nation-building and our neighborliness
9 were absorption by the most powerful and nearest of our
10 friends. Our nationally published periodicals
11 constitute a quite important defence against that
12 eventuality.

13 As stated in our written submission, we are
14 withholding any recommendations as to what action
15 should be taken until the final hearings. We hope,
16 and firmly believe, that out of your hearings here --
17 and all across Canada -- will emerge signposts as to the
18 proper and equitable courses of action which should
19 be recommended by your Commission.

20 In our opinion such courses of action should
21 be long term. They should establish an operating
22 climate which will not only allow the survival and
23 development of existing Canadian periodicals, but
24 which will also attract Canadian capital and new
25 creative minds to the establishment of new Canadian
26 publications in all periodical fields. Thank you.

27 THE CHAIRMAN: Thank you, Mr. Laurin. But,
28 before you take your leave, I would like to ask you
29 a question. This text you have been reading from
30



1 is, I think, a re-arrangement of the brief which
2 you filed with us.

3 MR. LAURIN: Yes, sir.

4 THE CHAIRMAN: But, it contains in its some new
5 facts and some new arguments; is that right?

6 MR. LAURIN: Very, very, few new facts --
7 just an enlargement by showing what I was talking
8 about.

9 THE CHAIRMAN: I thought there were some
10 statements in it not contained in your brief which I
11 have read very carefully. May I ask you, did you
12 supply the text of the brief you have been reading
13 from to the press before you started to read?

14 MR. LAURIN: It was supplied today, at this
15 -- I don't know if it was. I am informed that it
16 was, yes.

17 THE CHAIRMAN: I would suggest to you,
18 in all kindness, that I think it would have been
19 better had you supplied it to us also and, inasmuch
20 as we did not have it before us, and we wish to
21 ask you some questions, I am going to adjourn this
22 hearing until 2:00 o'clock so that we can study
23 it, if you will kindly provide us with a text.

24 MR. LAURIN: Certainly. I did not read
25 it exactly as it was or all that was in it.

26 THE CHAIRMAN: Do you have a copy of the
27 text?

28 MR. LAURIN: Yes, sir.
29
30



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

Laurin - 45 -

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THE CHAIRMAN: Thank you, gentlemen. The meeting will adjourn until 2:00 o'clock.

---Luncheon adjournment.



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3 ---Upon resuming at 2.00 o'clock p.m.

4 THE CHAIRMAN: Proceed.

5 MR. PITFIELD: Before we begin, I would
6 like to introduce Mr. Laurin's submission of
7 Periodical Press Association as Exhibit No. 0-7-60.

8 ---EXHIBIT NO. 0-7-60: Submission to the Royal
9 Commission on Publications
by Periodical Press Association.

10 MR. LAURIN: Mr. Chairman, there is one
11 other thing. This is the material from which the
12 slides were produced this morning, and if it is your
13 wish I can introduce this as an exhibit.

14 MR. PITFIELD: It will be Exhibit No.
15 0-8-60.

16 ---EXHIBIT NO. 0-8-60: Original material from
17 which slides were produced.

18 MR. LAURIN: It is in the order of
19 these slides.

20 THE CHAIRMAN: Mr. Johnston, do you have
21 any questions?

22 MR. JOHNSTON: Mr. Laurin, I have gone
23 through the material which you submitted this morning
24 and I have some questions arising from it. Perhaps
25 the first one is that it should be on the record
26 whether you are the full-time president of the
27 P.P.A.

28 MR. LAURIN: Pardon?

29 MR. JOHNSTON: I think it should be put on
30



1
2 the record whether you are the full-time president
3 of the P.P.A., or do you occupy some other position?

4 MR. LAURIN: Well, there is no full-time
5 president of the association; it is an elected
6 office from the members each year.

7 MR. JOHNSTON: I assumed that, but I
8 thought it should be on the record. I suppose
9 you have no objection to revealing your other position?

10 MR. LAURIN: No sir. I am vice-president
11 in charge of magazines for MacLean-Hunter.

12 MR. JOHNSTON: Now, in paragraph 8 there
13 is some reference to the -- perhaps I should read
14 part of it:

15 "Supposing another great educational
16 medium, the schools, were forced to
17 teach Canadian students U.S. history, social
18 studies, geography and literature for four-
19 fifths of the time, and largely by
20 means of U.S. textbooks produced as over-
21 runs of books prepared for U.S. schools."

22 Are there any textbooks in Canadian schools
23 now that come from the United States?

24 MR. LAURIN: Yes, but I don't think they
25 approximate four-fifths of the total.

26 MR. JOHNSTON: Now then, in paragraph 10
27 you say:

28 "Perhaps the vital need for a
29 healthy national periodical press can
30



1
2 "best be summed up by saying that if
3 Canadian periodicals vanished, the
4 Government would be forced by sheer
5 national necessity to establish a new
6 periodical press subsidized along the
7 lines of the C.B.C."

8
9 Was there some question of a subsidy at
10 some time, some discussion of subsidy; do you know
11 anything about that?

12 MR. LAURIN: Not to my knowledge at all,
13 sir. Any discussions I have had with Periodical
14 Press directors or any of their members over the
15 many years which I have associated with them the
16 question of subsidy has never come up. In fact,
17 I know from expressions of opinion of certainly
18 all the members I have ever spoken to about this,
19 and the directors, unanimously would be unalterably
20 opposed to such a stand.

21 MR. JOHNSTON: Now, the Canadian Foundation,
22 I don't know much about it, but does it not sub-
23 sidize or give bursaries to artists and research
24 people, musical organizations, and so forth. Would
25 it not be possible and without impairing the
26 editorial discretion of the magazines to subsidize
27 authors?

28 MR. LAURIN: I believe, sir -- and I am
29 not speaking from personal knowledge, but from hearsay --
30 that authors are subsidized on occasion now. In



1
2 other words, the Council will make a grant in aid
3 of an author who outlines a book which he thinks
4 would be of service to the country and in the
5 national interest.

6 I am frankly not qualified to speak on
7 this, but I believe that is the case.

8 MR. JOHNSTON: And he would be free to
9 sell the article in serial form to the papers?

10 MR. LAURIN: I would think so.

11 MR. JOHNSTON: Could you give me or give
12 the Commission some outline of the history of the
13 Canadian magazine? One of my great friends
14 had been editor for a number of years. When did
15 it cease to be, and what was the cause of its
16 demise?

17 MR. LAURIN: I find that rather difficult.
18 I could give you more detail on this after study
19 of the Canadian magazine. It went under, if my
20 recollection serves me correctly, quite shortly
21 after I came into the business. At that stage I
22 was a junior and I didn't have any intimate knowledge
23 of the situation at the time.

24 My reaction to the Canadian magazine going
25 under, looking at the overall picture over many
26 years and as I think I stated this morning, most
27 of the people I talked to about the Canadian magazine
28 folding, over the period of time I have been in
29 the periodical press and interested in these matters,
30



1
2 felt that the Canadian was subject to very heavy
3 pressures of overflow circulation and unable to
4 build either enough circulation or enough advertising
5 revenue to survive. We would be delighted to do
6 some research on the exact situation on the
7 Canadian magazine and submit it to the Commission
8 separately later. Mr. Daly of MacLean publishers
9 is, I believe, here today and he might wish to
10 speak to it. Would the Commission like to hear
11 Mr. Daly speak to it?

12 COMMISSIONER JOHNSTON: Is his company
13 going to submit something later? I suggest that
14 it might save a little time if we left it for Mr.
15 Daly later.

16 MR. DALY: We intend to submit a brief
17 in Toronto. He could cover the Canadian magazine
18 then, if you wish.

19 MR. JOHNSTON: The National Home Monthly,
20 another magazine that is gone but not completely
21 forgotten; it was the Western Home Monthly?

22 MR. LAURIN: And it then became the
23 National Home Monthly.

24 COMMISSIONER JOHNSTON: As the Western
25 Home Monthly was it not profitable? I would like
26 to know this, was **their** moving into the national
27 field a disastrous step, or was disaster coming
28 anyway? Which is the case?

29 MR. LAURIN: I think it was a question
30



1
2 of timing. I don't think it was the fact that
3 they moved into the national field that made it
4 a disastrous step. It came at a time when there
5 was an upsurge in the overflow circulation in
6 Canada and the years immediately following the war
7 saw some rapid increase in the circulation of
8 various publications. Everybody was competing for
9 circulation, and then shortly after that and apart
10 from that again, the competitive situation that
11 they found themselves in, and then there was the
12 advent of the Canadian editions which further
13 drained the advertising dollar and they had a rough
14 time of it and were unable to weather the storm,
15 but I don't think the single fact that they went
16 national is the cause of it, no.

17 COMMISSIONER JOHNSTON: You say the impact
18 of Canadian editions and the first of these,
19 didn't you say elsewhere in here, was in 1943?
20 Didn't the National Home Monthly fold before that?

21 MR. LAURIN: No sir. I think the date
22 of the folding of the National Home Monthly, if I
23 am not mistaken, was well into the forties, after
24 the war.

25 COMMISSIONER JOHNSTON: Well, that is
26 something that perhaps --

27 MR. LAURIN: We can find that out and
28 give you the exact data.

29 COMMISSIONER JOHNSTON: Do you know of
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1
2 any advertising policy that favours Canadian magazines
3 versus -- I am not asking you any names -- versus
4 U.S.; Canadian conditions of overflow, or anything
5 else of that kind? In other words, does the
6 advertiser spend his dollar regardless of whether
7 he likes or dislikes the publication or does he
8 stand entirely on the basis of circulation and
9 distribution?

10 MR. LAURIN: It would be my overall
11 experience, sir, that people buy advertising space
12 on the basis of the best business judgment that
13 they can bring to bear, and the factors of owner-
14 ship are small indeed.

15 COMMISSIONER JOHNSTON: The periodical
16 press doesn't appear to have in its membership
17 either Week-End or the Star Weekly and perhaps
18 therefore could not qualify to P.P.A. because of a
19 membership rule that leaves them out, or do they
20 stay out of their own volition?

21 MR. LAURIN: At the moment I believe, sir,
22 that they would be staying out of their own volition.
23 Periodical Press Association evolved out of an
24 association -- and this goes back far beyond my
25 recollection, but I think I am right in saying so --
26 it was an association of newspapers which included
27 the weeklies, the dailies and magazines and every-
28 body else in Canada at that time, and gradually
29 they split off and the week-end newspapers have been
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operating on their own for a very considerable length of time. So far as I know, there is no animosity between them and Periodical Press on their side, and I know there is not on ours; it is simply that they seem to fall into a slightly different classification from the area that we have termed as periodicals, and I would be the first to grant them that it is difficult and it is a very generic term, but even in the D.B.C. I think I am right in saying that week-ends are not classified with the magazine field, with the periodical field as such.

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Laurin,

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By the way, I just looked at this and I
do have it here; National Home Monthly went under
in 1950.

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COMMISSIONER JOHNSTON:

In paragraph 21 you say 510 U.S. businesspapers overflowed into Canada in 1949 and ten years later 297. Have you any comparable figures as to the growth of Canadian business papers. In my observation there do not seem to be any fewer than there were 20 years ago.

MR. LAURIN: I haven't the figures in my mind for that. I could get that for you very easily. Possibly Mr. Mansfield, the manager of the Business Newspaper Association could answer that right now.

MR. MANSFIELD: I cannot tell you, sir but the total circulation of business papers, all Business Papers over the 10-year period has increased 135 per cent. That is, circulation of all Canadian business papers.

COMMISSIONER JOHNSTON: You are Mr. Mansfield?

MR. MANSFIELD: Mansfield, and I am manager of the Periodical Press Association.

COMMISSIONER JOHNSTON: Well, knowing the aggressiveness of the Canadian publications and business people, I am wondering why they were unable to prevent by legitimate business means the growth in 'U.S.' publications to the same extent, to the extent here, 193 per cent. Do they serve technological fields better than in Canada? What is the explanation?

MR. LAURIN: I don't think so, sir. Could



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3 I make this suggestion for the Commission's con-
4 sideration: The Business Newspaper people will be
5 submitting tomorrow, and the Business Newspaper people
6 themselves will be better qualified to answer that
7 than I would.

8 COMMISSIONER JOHNSTON: One of the things
9 that comes in my mail box at home and in the office
10 and everywhere else are gift subscriptions. I
11 know that some come through various Canadian
12 organizations, but a great many of them come the
13 other way. As far as I can find out there is no
14 legal permission for them in the Post Office
15 regulations, but it is one of those things that
16 is being done, and I am wondering if the Canadian
17 Periodical Press Association would be better off or
18 worse off if there were no gift subscriptions
19 allowed from either place. I do not think you
20 could cut one off unless you cut off both places.

21 MR. LAURIN: That is a rather difficult
22 one to answer.

23 COMMISSIONER JOHNSTON: That is why I
24 asked it.

25 MR. LAURIN: The growth of Canadian gift
26 subscriptions has gone up year after year. With
27 the new technologies of machine accounting it is
28 now possible, of course, to send a subscriber who
29 gave six gifts last year a card saying you gave
30 gifts to these people last year, do you want to do



1
2 it again. Most people do.

3 The gift subscription business is an
4 important phase of Canadian magazines. I think if
5 we were to choose as to no gift subscriptions
6 coming into this country from outside the country
7 and having many in Canada, we would probably be in
8 favor of the latter course simply because the balance
9 against us is so strong. I think it would be
10 an insufferable thing from public point of view
11 and from our own point of view.

12 COMMISSIONER JOHNSTON: It is rather
13 difficult.

14 MR. LAURIN: Oh yes, yes.

15 COMMISSIONER JOHNSTON: Your paragraph 33:
16 "For instance, Canadian capital expenditure on
17 advertising of all types is \$32.50 a year as
18 against \$62.85 a year in the United States. What
19 puzzles me is why is there that difference? Are
20 we less aggressive, less advertising minded in
21 this country or are our advertising salesmen
22 slipping?

23 MR. LAURIN: Well, I do not think it is
24 the latter. I think the advertising sales staffs,
25 not only in the Periodical Press, but the ones I
26 have encountered that are not in the Periodical
27 Press, but are selling week-ends, radio, TV and
28 newspapers, I have found them all very aggressive.
29 I have stated in my brief, and it is only one of the
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2 explanations, I don't pretend it was the whole
3 explanation for it, is the strong overflow in
4 advertising into this country and not just in
5 periodicals. I think there is a very important
6 overflow of TV into this country carrying advertising
7 directed to Canadians. I am sure that this lessens
8 the number of advertising dollars spent in Canada
9 on TV in certain areas.

10 COMMISSIONER JOHNSTON: You mentioned in
11 paragraph 40 how the Post Office permits U.S.
12 publishers who ship their magazines into Canada and
13 mail them in Canadian post offices at rates lower
14 than in the U.S. This procedure was established
15 several years ago in a radical effort to earn
16 some revenue for Canada since this country receives
17 no revenue for handling magazines mailed in a
18 foreign country. Would the position of the
19 Canadian magazines, and this is my question: would
20 the position of Canadian magazines be better if
21 the Canadian post office did not allow that
22 privilege.

23 MR. LAURIN: Not today, if they could
24 still be shipped from south of the border it would
25 be worse, the deficit would increase, therefore
26 making it more likely to have a further increase
27 in rates applied to those mailed in Canada,
28 because if they are mailed in the United States
29 or any other country by reason of the universal
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2 postal union they are carried free. In this country
3 what the Post Office has done
4 is to allow second class statutory rates to those
5 who wish to ship to the public. In other words,
6 if that was cut out, I don't know the revenue,
7 I have not those figures from the Postmaster General,
8 but it certainly is a substantial source of our
9 revenue. If they are removed the deficit would
10 increase.

11 COMMISSIONER JOHNSTON: There is no
12 advantage or there would be no advantage to
13 Canadian periodicals if all that were cut out.

14 MR. LAURIN: Not under the present set-up,
15 no.

16 COMMISSIONER JOHNSTON: In paragraph 41
17 where you show at what difficulty, what is the
18 correction?

19 I don't think what you would say that
20 Canadian post office could carry mail a longer
21 distance than the U.S. post office for the same
22 amount of money. What would you say is the
23 correction for the situation that you demonstrated
24 this morning? Would you have zone rates in
25 Canada?

26 MR. LAURIN: No, I don't think so. The
27 statutory rates were established, and again I am
28 going back beyond my memory, to the early 1880's,
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3 but they were for the free distribution -- not the
4 free distribution, the distribution of Canadian
5 literature of an equal rate across Canada so that
6 the person who was living in a remote corner of
7 B.C. could receive a Canadian periodical or
8 newspaper for the same amount of money as the
9 person who was living in the eastern coast of Nova
10 Scotia or who was located 20 miles from the
11 publisher. It was for the dissemination of
12 information at the same cost to all people that
13 this was brought in. It was brought in from the
14 United States and Great Britain at the same time.
15 I don't think that is the answer. I do not know
16 exactly under the present regulations what the
17 answer is. That is something that we are going
18 to give a very substantial study to over the next
19 few weeks in the hope that some suggestion would
20 come out on it.

21 The point is that once a U. S. publication
22 reaches Canada, if it is mailed south of the Border,
23 it is carried free anywhere. After it comes into Canada
24 it is the same rate as for Canadian publications.
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3 COMMISSIONER JOHNSTON: You couldn't cut
4 out one without cutting out the other?

5 MR. LAURIN: Not under the Universal
6 Postal Union. At the moment it would require single
7 negotiations with the United States to achieve some-
8 thing.

9 COMMISSIONER JOHNSTON: There is no question
10 you see at this moment.

11 MR. LAURIN: There are corrections, there
12 are a variety of them. I think the Postmaster
13 General and his department is so much aware of this
14 problem, and is so much more capable of dealing with
15 it than I am
16 so I think that is, perhaps, where we should discuss
17 it.

18 One thing that I would like to point
19 out, I could say that could be done if only the
20 Universal Postal Union negotiations should be
21 opened on amounts of terminal rates on second class
22 and third class mail coming in from the United
23 States. This follows the pattern of the
24 present parcel post
25 so the mailing price, the mailing regulations
26 established in the postal union, the Universal Postal
27 Union were established on the premise that somebody
28 in one country who writes a letter to somebody in
29 the other country and there is going to be an answer.
30 The two countries carry each other's mail free and



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2 it is about equal **volume**. It has been found
3 the parcel post situation between Canada and the
4 United States was completely out of balance. There
5 are far, far greater **postal** packages being mailed
6 in the United States to Canada than Canadian
7 packages being mailed to the U.S. Negotiations
8 were carried on with the United States to get
9 a balance of payments.

10 On several days each year, I believe, the
11 procedure is, the parcel post flowing both ways
12 across the border is weighed and then a terminal
13 payment is made at the end of the year from
14 the United States to Canada to offset the
15 difference. In such a situation, in either
16 second or third class mail, both of which are in
17 very heavy imbalance -- we carry far more from
18 the United States than the United States carries
19 of ours. This requires negotiations under
20 the Universal Postal Union, which, I believe, meet
21 once every four years.

22 COMMISSIONER JOHNSON: I was wondering, for
23 the record, if you should not define a little more
24 clearly or explicitly the "terminal charge". What
25 does that mean?

26 MR. LAURIN: As I understand it, sir, if the
27 U. S. carries -- if we carry ten times as much in parcel
28 post from the United States during the course of a year
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TORONTO, ONTARIO

Laurin

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2 as they carry from us then the United States makes
3 a payment to the Canadian Post Office to offset
4 that additional expense that Canada has had.

5 I think that is the effect of the
6 terminal payment. Frankly, I am not qualified
7 to go into that.

8 COMMISSIONER JOHNSON: It is not a
9 charge to the recipient of the parcel, an
10 additional charge?

11 MR. LAURIN: No.
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1 COMMISSIONER JOHNSTON: Are you firmly of
2 the opinion that if there were no so called Canadian
3 editions of U.S. publications the advertising dollars
4 that they get -- or some of them or a good deal of
5 them or all of them -- would go to Canadian periodicals?

6 MR. LAURIN: Certainly some of it. My
7 personal opinion is that a good deal of it, but I
8 doubt very much if all of it would go to Canadian
9 periodicals. I would think that other media would
10 most certainly get a share of it - television,
11 newspapers, and so on.

12 COMMISSIONER JOHNSTON: This morning once
13 or twice, or perhaps more often, you mentioned that
14 the Canadian publisher of the periodical had the
15 entire cost of production whereas the United States
16 had the split run and his costs were pretty well
17 absorbed by the main editions. Do you not
18 frequently get full page plates from the other side
19 divided by the agency or the advertiser so that
20 that would be a preparation charge that you would
21 not have?

22 MR. LAURIN: We do not have it in the
23 case of Canadian advertisers. That is advertising,
24 not editorial; I am talking in terms of editorial
25 content.

26 MR. JOHNSTON: You said this morning that
27 the contents of the Canadian publications were as
28 high in quality as any that are imported.

29 MR. LAURIN: I said they would compare
30



1 favourably with any, I felt.

2 COMMISSIONER JOHNSTON: Can a publication
3 pay the comparable prices for its material.

4 MR. LAURIN: No, it has to use considerable
5 ingenuity and the development of Canadian material
6 in order to overcome that disadvantage. I do not
7 think we can ever hope to be able to spend as much
8 as, say, a million dollars on one series of articles,
9 which has happened in the not too distant past with
10 an American magazine. That is because of the relative
11 size of the two markets.

12 COMMISSIONER BEAUBIEN: On page 17 in
13 paragraph 41 you say:

14 "The share of total print media
15 advertising obtained by magazines in Canada,
16 including 'Canada' editions, was 7.1 per
17 cent in 1959 as against 7.4 percent in
18 1948."

19 What do you mean by that? In that 7.1 do you
20 exclude the American magazine? What do those
21 figures, 7.1 and 7.4, represent?

22 MR. LAURIN: The 7.1 figure includes the
23 magazine advertising in revenue of the Canadian
24 editions as well as the Canadian magazines in
25 Canada, as does the 7.4. In other words, it is
26 the amount of money spent on magazine advertising
27 in Canada that we can measure.

28 COMMISSIONER BEAUBIEN: That goes to
29
30



[The text in this section is extremely faint and illegible. It appears to be a series of paragraphs or a list of items, but the specific words and sentences cannot be discerned.]



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Laurin - 66 -

1
2 newspapers?

3 MR. LAURIN: Newspapers, television, billboard,
4 radio - all the other advertising media. It is 7.1
5 per cent of the amount spent in print media.
6 It goes to newspapers, weekends, and other print media,
7 yes.

8 COMMISSIONER BEAUBIEN: You mentioned weekends.
9 Do you include Star Weekly magazine and such periodicals
10 as Weekend Magazine? How would you compare those with
11 the periodicals like Chatelaine or Macleans? Are they
12 aimed at a different public?

13 MR. LAURIN: That is difficult again. I
14 do not think they are aimed at a different public;
15 they are to a degree, certainly. Weekend circulation,
16 with 1,500,000 have to have a broader aim than, say,
17 Macleans magazine with 500,000 odd circulation. They
18 do not have the same editorial approach. They may
19 be coming closer together, they keep changing, sometimes
20 they are quite diverse and sometimes they are treating
21 the same sort of subjects, but they are not aimed
22 specifically at the same public. However they must
23 cover a lot of the same public because there are
24 only so many people in Canada.

25 THE CHAIRMAN: I am sure there is an
26 explanation for this, but I think it should be made
27 public. In your submission you show that there are
28 so many periodicals belonging to the Canadian
29 Periodical Press. Canadian advertising lists the



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Laurin - 67 -

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2 total number of periodicals published in Canada -
3 consumer, business and farm - at 475. You only
4 account for 158 in your list. Why are the others
5 not members of the Periodical Press? What sort of
6 magazines are they? Why are they not in your
7 organization?

8 MR. LAURIN: Again it is a difficult
9 question to answer in general terms. I think it
10 might best be summed up by saying that some of them
11 would not be eligible. Let us say that they would
12 not be prepared to subscribe to the standards of
13 the constitution of the Periodical Press. Others
14 we would like to have but they do not feel that
15 their expenditure with Periodical Press would be
16 worth what they could get out of it at the time.
17 The situation would be different in almost every
18 case.

19 THE CHAIRMAN: But there are many more
20 periodicals within Canada outside the Periodical
21 Press than within it.

22 MR. LAURIN: That is correct. Another
23 thing has been brought to my attention. The Periodical
24 Press is confined to audited publications, and
25 there are a great number which are not audited.

26 THE CHAIRMAN: I want to go back to
27 Weekend for a moment. What percentage of the
28 advertising in Canada is taken by Weekend Magazine?
29 Are there any figures showing that?
30



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Laurin. - 68 -

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2 MR. LAURIN: I have not got them here but
3 they are easily obtainable, and I can submit them.

4 THE CHAIRMAN: It would be a considerable
5 slice I should judge.

6 MR. LAURIN: Yes, speaking from memory
7 and if I am not mistaken I would say that the Star
8 Weekly and Weekend take about the same total.

9 (Looking at material handed). I
10 think we have it here. The national weekend papers
11 were estimated to gain in revenue in 1960, \$17,100,000
12 and the general magazines \$20,800,000. I felt
13 they were roughly the same but I was not certain.

14 THE CHAIRMAN: When you speak of Time and
15 Readers Digest taking 41 or 42 per cent, or whatever
16 it is, of Canadian magazine advertising you are
17 not counting Weekend?

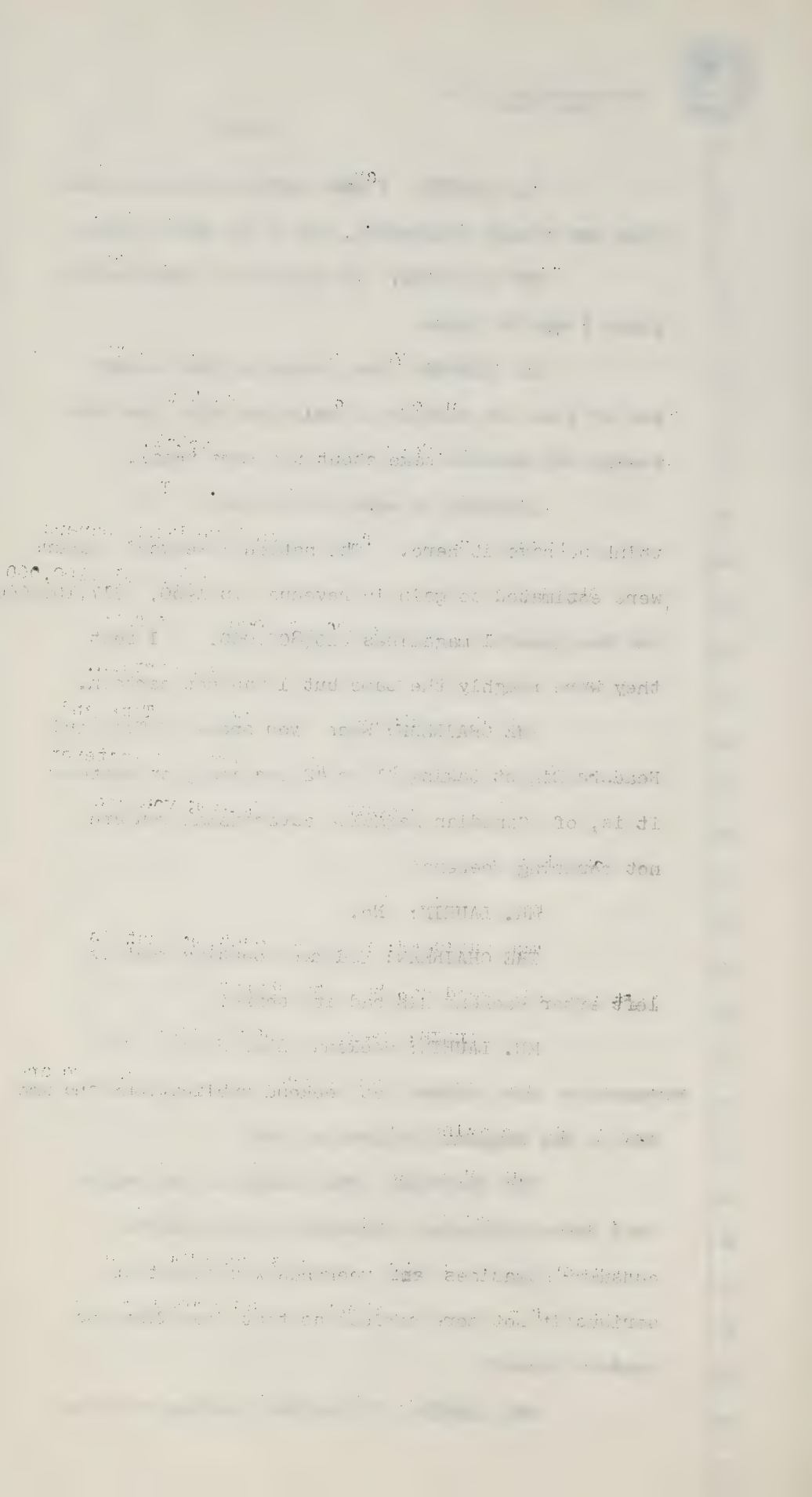
18 MR. LAURIN: No.

19 THE CHAIRMAN: You are counting what is
20 left after Weekend has had its share?

21 MR. LAURIN: Weekend, Star Weekly and
22 Perspective are classed as weekend publications and are
23 not in the magazine figures as such.

24 THE CHAIRMAN: Then would it not follow
25 that the advertising competition for Canadian
26 consumer magazines and weekends was almost as
27 serious if not more serious as that from Time and
28 Readers Digest?

29 MR. LAURIN: If you are looking at it on
30



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TORONTO, ONTARIO

Laurin - 69 -

1 a straight dollar basis, perhaps yes, but then you can
2 also say that newspapers were much heavier competition,
3 that television was heavier competition, that radio
4 was heavier competition. We consider Weekend and Star
5 Weekly, to name the two which are heaviest in
6 competition to the magazines at the moment, and Weekend
7 including Perspective, are another media such as
8 television. In the case of these weekend publications
9 in Canada they have their full editorial costs in
10 Canada to bear. They have the full production costs
11 to bear. There is no by-product opposition against
12 them. If we cannot survive against them we do not
13 deserve to survive. There is no unfair competition
14 here.

15
16 THE CHAIRMAN: What I am getting at is this -
17 the kind of advertising by Weekend is national,
18 coloured advertising. This is not always in
19 competition with newspapers but it is in direct
20 competition with magazines, magazines like Chatelaine
21 and Macleans for example?

22 MR. LAURIN: Yes.

23 THE CHAIRMAN: So it is possible that if
24 Readers Digest and Time had not come into Canada
25 at all that you would still have encountered very
26 heavy competition from a magazine like Weekend and
27 like Star Weekly.

28 MR. LAURIN: I do not think there is any
29 doubt that we would have encountered heavy competition,
30



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Laurin - 70 -

1 but we have encountered this kind of competition for
2 the life of magazines in Canada.

3 THE CHAIRMAN: So it is not absolutely
4 correct to say or to suggest that the death of these
5 magazines which you have outlined here resulted
6 directly from the coming into this country of Readers
7 Digest and Time magazines?

8 MR. LAURIN: Absolutely, and I did not say
9 that.

10 THE CHAIRMAN: No. It has been suggested
11 but you would not say it?

12 MR. LAURIN: No.

13 THE CHAIRMAN: Would you say this, that
14 having regard to Weekend magazine and to television
15 and to radio and to other advertising media, in the
16 past fifteen or twenty years there could have been
17 established in Canada a new magazine with a reasonable
18 prospect of success.

19 MR. LAURIN: Absolutely.

20 THE CHAIRMAN: You think there could have
21 been?

22 MR. LAURIN: Absolutely. I am as certain
23 of that as I am of the fact that I am sitting here.

24 THE CHAIRMAN: Then why did Saturday Night,
25 say, have such a hard time? Are you attributing their
26 difficulties, and those of other magazines which
27 have disappeared, to Time?

28 MR. LAURIN: Yes, in part.
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Laurin - 71 -

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THE CHAIRMAN: What else?

MR. LAURIN: Overflow circulation.

THE CHAIRMAN: You are suggesting then that if a person buys a copy of Saturday Evening Post - overflow circulation I guess you call it -- that that person would thereby be stopped from buying a copy of a good Canadian magazine?

MR. LAURIN: No, not at all.

THE CHAIRMAN: Then this does not seem to add up logically. You first of all say that overflow magazines have not been the chief contributing cause and --

MR. LAURIN: I beg your pardon, I said overflow was the basic contributing cause and with Time and Readers Digest, and this type of operation, the combination of the two is apt to be fatal. What is more dangerous is the split run in the future. I am looking to the future rather than to the past. The first brief to my knowledge that went in on this subject on overflow circulation went in in 1923 and it referred to previous briefs. The Canadian Periodical Press has been faced with overflow circulation all the time. This does not mean that if someone goes out and buys a Saturday Evening Post that fact in itself is the trouble. When we are outweighed twenty to one or thirty to one on our newstands, when our mails are continually offering half price offers from south of the border, this has

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DIVISION OF THE PHYSICAL SCIENCES

REPORT OF THE COMMITTEE ON THE
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BY THE COMMITTEE ON THE
PROGRESS OF THE PHYSICAL SCIENCES
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CHICAGO: THE UNIVERSITY OF CHICAGO PRESS
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Laurin - 72 -

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2 made Canadian circulation much more difficult and
3 costly. Then add to that the drain on the advertising
4 dollar which comes from Canadian editions, from the
5 Canadian section, it makes the position almost
6 untenable.

7 THE CHAIRMAN: Then would you suggest, or
8 would you say, that had Readers Digest and Time magazine
9 not come to Canada the advertising which they are now
10 receiving, or most of it, would have gone into Canadian
11 magazines?

12 MR. LAURIN: No, I think all or most of it
13 would have gone into Canadian media and that a good
14 proportion of it would have gone into Canadian magazines.
15 I have no doubt some would have gone into Weekend
16 publications and some into television.

17 THE CHAIRMAN: You do not believe that the
18 media coming here induced the Canadian advertiser to
19 try the new form of media and that these people would
20 not have increased their appropriations if these
21 magazines had not come in here?

22 MR. LAURIN: That is what we brought out I
23 think in the point Mr. Beaubien made with regard
24 to the total amount in advertising spent in print media
25 in Canada in 1948, 7.4 per cent went to all Canadian
26 magazines and Readers Digest and Time combined. In
27 1959 only 7.1 per cent did. I do not think there is
28 any real evidence that they have materially increased
29 their magazine share of the advertising dollar in print
30 media.



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Laurin - 73 -

1 THE CHAIRMAN: Mr. Laurin, what percentage
2 of the gross revenues of Canadian Periodicals comes
3 from advertising, and what percentage from subscriptions?

4 THE WITNESS: It varies with almost every
5 periodical.

6 THE CHAIRMAN: What would the average be?
7 What would you say the average was?

8 THE WITNESS: Of gross revenue? My guess
9 would be in the area of 80 per cent on advertising.

10 THE CHAIRMAN: Eighty - twenty?

11 THE WITNESS: Yes. And that gross revenues
12 does not apply to -- I mean, in individual instances.
13 For instance, there are business publications that
14 have no revenue from circulation whatsoever because
15 they are free, control circulation.

16 THE CHAIRMAN: I will come back and ask you
17 about that later on, about control circulation. How
18 does that compare with United States? I am informed
19 some of these bigger magazines in the U.S. now get
20 around 60-40; they are getting 40 per cent from
21 subscriptions; is that accurate, do you think?

22 THE WITNESS: Any answer to that would be
23 guesswork, but I can check. Whether I can get an
24 accurate answer, I do not know. These are figures
25 that are not very apt to be divulged to me. I think
26 it is a little off.

27 THE CHAIRMAN: I thought that myself, that
28 it would be a little large. But, we were assured
29 that these figures were accurate. What do you mean
30

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1 exactly by control circulation? I notice you used
2 those words. Is this a paper that is made to be
3 free?

4 THE WITNESS: Yes, sir.

5 THE CHAIRMAN: Well, can you tell me who
6 gets those papers?

7 THE WITNESS: The business papers are the
8 ones. There are no magazines, to my knowledge, defined
9 as magazines, that use this method of distribution,
10 of circulation distribution, and I think perhaps
11 that it would be advisable to ask one of the business
12 paper people to speak on that. Mr. Wallace is here.

13 THE CHAIRMAN: Do not they belong to the
14 Periodical Press and you are, after all, the President
15 of Periodical Press and they belong to you.

16 THE WITNESS: Yes.

17 THE CHAIRMAN: I am asking you about members
18 of your own organization?

19 THE WITNESS: Yes. I realize that, but
20 there are a lot of members and they operate in many
21 different ways.

22 THE CHAIRMAN: I am asking for your opinion.
23 You say that a magazine which is published and which
24 depends for all of its revenue, for its very life,
25 upon advertising and pays no heed to subscription
26 revenue at all -- that it deserves to live?

27 THE WITNESS: Well, if they did not, there
28 would be very few alive today, sir.
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Laurin - 75 -

1 THE CHAIRMAN: Wouldn't they be more alive
2 if they really got something from their subscriptions?

3 THE WITNESS: Absolutely. Not necessarily...

4 THE CHAIRMAN: I would like to ask this
5 question of Mr. Chalmers when he comes up, but you
6 represent the magazine itself. This week, I received
7 in the mail, at my home, an offer for a sixteen
8 month's subscription to Chatelaine.

9 THE WITNESS: Yes.

10 THE CHAIRMAN: And it worked out at six
11 cents a copy.

12 THE WITNESS: Yes.

13 THE CHAIRMAN: Chatelaine, I regard as a
14 very fine magazine. What revenue would you be
15 losing on every copy of Chatelaine when you sell it
16 for six cents?

17 THE WITNESS: We would be losing substantially
18 less than if the offer was at twelve cents, because
19 the return of money by direct mail ~~mailing~~ costs
20 would be proportionately much lower.

21 THE CHAIRMAN: Does the Audit Bureau of
22 Circulation keep any check on that?

23 THE WITNESS: Yes. I think, actually,
24 your six cents is not correct, Mr. Chairman. But,
25 this price for the basic subscription rate -- it may
26 work out to six cents, but half of your basic
27 subscription rate is what Audit Bureau of Circulation
28 allows, and that is what that offer was.
29
30



1 THE CHAIRMAN: But, you would be losing
2 considerably on even the price of the printing,
3 wouldn't you, on Chatelaine? That fifteen cents
4 would not pay the cost of that magazine?

5 THE WITNESS: No.

6 THE CHAIRMAN: What I am trying to get at
7 is this...

8 THE WITNESS: That may be the cost of the
9 copy itself. No. There is no publication that I
10 know of in North American in the periodical field
11 that would retrieve the entire mechanical cost and
12 paper costs, and so on, and its circulation sales
13 cost from the sale of the copy.

14 THE CHAIRMAN: What I am trying to get at
15 is this: if, in Canada, we are turning out magazines
16 which are sustaining a very heavy loss, by virtue of
17 their low subscription rates, have they the right to
18 complain at the competition being received from
19 American publications, which may be getting 40 per
20 cent of their revenues from subscription rates?

21 THE WITNESS: Here is where the confusion
22 is, Mr. Chairman. You are talking about gross --
23 you asked me earlier about gross revenues. That
24 revenue is a very different thing.

25 THE CHAIRMAN: Well, for clarification, put
26 it on a net revenue basis. I would think that there
27 are very few, if any, periodicals in North America
28 that were making 40 per cent net revenue on their
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1 circulation sales costs - very, very few, if any.

2 THE CHAIRMAN: If I were to take a page
3 of advertising tomorrow in Reader's Digest - let us
4 say a four-colour, one page add, and also take one
5 in Maclean's magazine of the same type of page, what
6 would the page cost me that I took in Reader's Digest,
7 as compared to the page I took in Maclean's? Never
8 mind the thousand per circulation. What would I pay?

9 THE WITNESS: Well, I haven't got the rate
10 here -- the Maclean's rate here. I am sorry. I
11 haven't got the rate.

12 THE CHAIRMAN: Would it be lower or higher?

13 THE WITNESS: It would be higher in Maclean's.

14 THE CHAIRMAN: Higher in Maclean's per page?

15 Well now, sir, this is the summation for the whole
16 thing. Would you say, as some people are saying,
17 that Canadian magazines and Canadian periodicals
18 at the present time are thriving in Canada?

19 THE WITNESS: No, definitely not. What I
20 think -- excuse me, Mr. Chairman, I think there is,
21 and again, it is very hard to generalize, but I think
22 the magazines in Canada are undergoing a very
23 difficult time. I think the business papers today
24 are a normal, or reasonably normal operation with
25 every threat of deterioration in the near future,
26 unless present trends stop. The Farm Press is
27 not very helpful.

28 THE CHAIRMAN: Would you say that a climate
29 exists, an economic climate which would permit me and
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2 a group with me to start a reasonably good Canadian
3 magazine with any chance of success at the present
4 time?

5 THE WITNESS: No. I would be fairly clear
6 on that. My personal feelings on this and my personal
7 experience in this would be that you were taking a
8 very grave risk.

9 THE CHAIRMAN: It would be a good way to
10 lose a million dollars?

11 THE WITNESS: I believe you would tend to
12 get a very small return on whatever investment you
13 might put in over the period of a great many years to
14 come.

15 THE CHAIRMAN: I notice that one submission
16 to us, the magazine concerned or the company concerned,
17 claims a net earnings of 3.1 per cent. In the
18 publishing industry, is that a low rate, in North
19 America?

20 THE WITNESS: Going across the whole
21 publishing industry, in periodicals, yes.

22 THE CHAIRMAN: A low rate?

23 THE WITNESS: Yes.

24 THE CHAIRMAN: Has it ever been higher than
25 that in Canada at any time?

26 THE WITNESS: I could not say that. I just
27 do not know.

28 THE CHAIRMAN: Do you know if the publishing
29 industry in the United Kingdom gets a return greater
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2 than that?

3 THE WITNESS: Yes. I think they are
4 substantially greater. That has been my impression
5 from discussing it with them.

6 THE CHAIRMAN: You have not got these
7 figures?

8 THE WITNESS: No.

9 THE CHAIRMAN: Do you think that the
10 publishing industry in the United States is getting
11 a higher rate on separate earnings than that?

12 THE WITNESS: Yes.

13 THE CHAIRMAN: You think they do?

14 THE WITNESS: Yes.

15 THE CHAIRMAN: Why is it, then, that over
16 the past ten or fifteen years so many old, historical
17 magazines in the United States, such as Collier's and
18 the American Magazine, and so on, have died?

19 THE WITNESS: I think probably natural
20 attrition has caused that.

21 THE CHAIRMAN: Has there been a successor
22 to Collier's?

23 THE WITNESS: No, but Holiday has come
24 forward and Sports Illustrated.

25 THE CHAIRMAN: That is new enterprise?

26 THE WITNESS: Yes.

27 THE CHAIRMAN: But, this magazine, Collier's
28 had 3,000,000 circulation and it was universally
29 successful and it died, and there are others. Now,
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Laurin - 80 -

1 is it not true that what happened to our publications
2 in Canada, such as those two you have mentioned here,
3 is almost precisely what happened in the United States,
4 and for the same reasons -- new ideas which were not
5 taken advantage of in Canada? What I am trying to
6 establish is -- and we have to establish this -- and
7 we must be clear with these facts you have cited
8 here about the death of these publications, which you
9 do not say directly, but which resulted from the
10 invasion of Canada by new advertising media; but,
11 there may have been other causes for their going out?

12 THE WITNESS: Absolutely. Again, to go
13 back to this, I said that I felt that in most of
14 these, the basic cause was the overflow competition
15 which they received, which did two things. It kept
16 the rate of advertising expenditures in magazines
17 below the normal level and it kept the cost of
18 equipment acquisition above the normal level, and
19 the capital was not there to develop the project to
20 the degree that it could overcome those difficulties
21 combined. Then, you had a further drain on
22 advertising dollars and this is only the straw that
23 perhaps broke the camel's back. It would be
24 completely wrong for me to suggest that that was
25 the cause. It was not. There are a great many
26 causes and you cannot attribute the failure of any
27 magazine to one cause, I do not think.

28 THE CHAIRMAN: That is all. Thank you
29
30



1 very much, Mr. Laurin.

2 COMMISSIONER JOHNSTON: Mr. Chairman, I
3 wonder if you would allow the witness to submit to
4 one or two supplementary questions.

5 Somewhere here, and I think they apply more
6 to Periodical Press Association than to individual
7 submissions -- there is a large folder here. I am
8 not certain where it came from.

9 THE WITNESS: The work sheets of Periodical
10 Press.

11 COMMISSIONER JOHNSTON: Thank you.

12 MR. PITFIELD: Mr. Chairman, if I may list
13 the research papers as Exhibit No. 0-9-60.

14 ---EXHIBIT NO. 0-9-60: Research papers of
15 Periodical Press
16 Association.

17 COMMISSIONER JOHNSTON: Here are listed
18 five magazines and the number of pages they received
19 in the years 1948-1960. Let us, for the sake of
20 brevity, take only 1959, which shows Maclean
21 Magazines as 1,165 pages, Readers Digest, 926, and
22 Time 2,323. Well, I wonder if you can give us
23 at some time soon the difference in area -- if it
24 were a newspaper, I suppose, you would call it area
25 lines, square inches, and you have three types and they are
26 each a different size. I suppose this is what
27 counts: how much revenue did Macleans get in that
28 time, Readers Digest and Time?

29 THE WITNESS: I can submit this, sir, if you
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1 like. It is the complete breakdown of revenue of
2 the publications over this period that you are
3 speaking of.

4 COMMISSIONER JOHNSTON: In that connection,
5 apparently, the present rate or recent rate for
6 Reader's Digest and Maclean's English and French, 5,580
7 per page for Reader's Digest, and at \$6,040.00 for
8 Maclean's English and French, February, 1961. Now,
9 going back to Mr. O'Leary's question about the ways
10 of a new magazine surviving, is it not a fact that
11 the publications that have survived are tied up with
12 other publications of the same company, and also in
13 the printing business? The printing end of the
14 business seems to be a factor?

15 THE WITNESS: Yes. Again, to generalize, yes,
16 sir, that is true. I think that the consumer magazines
17 over the past many years have, and this might perhaps
18 be a wrong word -- have been subsidized by other
19 operations of the same companies.

20 COMMISSIONER JOHNSTON: I think that is
21 all, Mr. Chairman.

22 THE CHAIRMAN: Thank you, Mr. Laurin. I am
23 sure you will need a refresher and I think we had
24 better adjourn for ten minutes.

25 ---Recess.
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2 MR. PITFIELD: Mr. Chairman, the
3 statement of advertising rates and gross advertising
4 revenue for Canadian magazines which was filed by
5 Mr. Laurin will be Exhibit O-10-60.

6
7 ---EXHIBIT NO. O-10-60: Statement of ad-
8 vertising rates and
9 gross advertising
revenue, Canadian
magazines.

10 THE CHAIRMAN: Mr. Laurin, Mr. Beaubien
11 will ask one or two questions.

12 COMMISSIONER BEAUBIEN: Mr. Laurin, at
13 page 19 of your brief you quote there the per cent
14 of total advertising, and in 1958 it was 43.2 per
15 cent, 1959 it was 45.2 per cent and in 1960, 46.6
16 per cent.

17 MR. LAURIN: Yes.

18 COMMISSIONER BEAUBIEN: Which is a consider-
19 able increase in that period. To what do you
20 attribute the increased rate of success on the part
21 of Time and Digest?

22 MR. LAURIN: I think that both Reader's
23 Digest and Time have a rate advantage over Canadian
24 publications which in the long run tells; there has
25 been a steady increase since, and in 1948, I think,
26 the first figures I quoted from there, 18.1 per
27 cent, and they have risen steadily in revenue.
28 I put it in in pages here simply because it showed
29 that the increase in pages continued -- excuse me
30 until I see how it is worded -- the point here



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3 was simply that when the magazine tax came on,
4 which raised the rates on Reader's Digest and Time,
5 their growth in number of advertising pages per year
6 slowed down, but as soon as it was taken off it went
7 up again. I think they dropped .3 per cent during
8 the period that the tax was on, and then went into
9 an increase again as soon as the tax was off.
10 The pages, as was brought out just before the inter-
11 mission, are apt to be confusing because they
12 are in different sizes, and so on, and that is why
13 most of the figures we have been discussing go to
14 rates revenue. I used pages here, but I think that
15 is the only place I did to show that they did start
16 to climb.

17 COMMISSIONER BEAUBIEN: Would you say
18 that the editorial cost of Reader's Digest was high
19 or low?

20 MR. LAURIN: I would think the editorial
21 cost of the Reader's Digest was very high indeed in
22 the United States, and I would think that the
23 editorial cost in Canada, depending on what the
24 bookkeeping is, would, in fact, be very low indeed
25 because it is material which is being bought,
26 generally speaking, for another purpose and then
27 re-used.

28 COMMISSIONER BEAUBIEN: But isn't most
29 of their material drawn from other magazines? In
30 other words, is that expensive?



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3 MR. LAURIN: I am not qualified to say
4 whether most of it is drawn from other magazines
5 or not, because you cannot tell whether it has been
6 drawn from them or published first in them, having
7 been written by Reader's Digest first. I have no
8 way of knowing this, and I would hate to make any
9 prognostication on what it was but I would say, to
10 put it the other way, if you are publishing a
11 magazine in the United States and buying your
12 editorial content for that magazine, and then you
13 publish another magazine in Canada and use that
14 same editorial content over again, the cost of the
15 re-use of that material is very low indeed compared
16 with the original cost or compared with the cost of
17 the Canadian publication which would have to
18 originate it.

19 COMMISSIONER BEAUBIEN: My point was could
20 there be any possibility or reasonable chance of a
21 Canadian magazine under the same lines as Reader's
22 Digest having success?

23 COMMISSIONER BEAUBIEN: I frankly can't
24 answer. There was one. The first Digest that was
25 published to my knowledge in North America was
26 published as a predecessor to MacLean's magazine,
27 and it was found that there was not sufficient
28 material available that applied primarily to Canada
29 and it therefore started to originate its own
30 material, and from that grew into the present MacLean's



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magazine over a period of years.

COMMISSIONER BEAUBIEN: Is that Magazine Digest?

MR. LAURIN: That was called Busy Man's Magazine, if I am not mistaken.

THE CHAIRMAN: It was made over into the Magazine Digest, which was published in Canada.

MR. LAURIN: Yes.

COMMISSIONER BEAUBIEN: Now, the breakdown of competition in the States into overflow and Canadian editions; which of the two is more important from the point of view of competition, the overflow or the Canadian edition?

MR. LAURIN: That is a very difficult situation to answer. Some of the Canadian magazines have survived and stood up against overflow circulation, but only the strong have survived and, as I mentioned in my brief, we are down to five national magazines with significant circulation today. The advent of the Canadian edition, plus now the advent of sectional editions, and so on, have made the situation that much worse. I can't tell you which one of those two would be the most important. If you have no overflow circulation to start with, it would be extremely difficult for anybody to start a Canadian edition of an American magazine from scratch. It would have to



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2 develop circulation, and so on. I can't tell you
3 which of these two would be more important, but
4 it is a succession of events; first, the overflow
5 and then the drain on the advertising dollar in one
6 way -- in a variety of ways of the drain on the
7 advertising dollar; I couldn't say which one I
8 would accept of those if I had to say, but I think
9 the drain on the advertising dollar.

10 COMMISSIONER BEAUBIEN: It would seem
11 from the statistics that Chatelaine have very high
12 circulation relative to population?

13 MR. LAURIN: That is right, sir.

14 COMMISSIONER BEAUBIEN: And to what do you
15 attribute that?

16 MR. LAURIN: I attribute it to the purchase
17 of the circulation list of Canadian Home Journal
18 at the time when Mr. Cooke decided that the Canadian
19 Home Journal wouldn't continue in operation and
20 asked us if we would purchase his subscription list,
21 which we did, and put it together. Now, I am
22 saying "we" and I shouldn't; I am not speaking
23 in the capacity of MacLean-Hunter here. We put
24 Chatelaine and Canadian Home Journal together which
25 gave us a large circulation, and we anticipated
26 that the circulation would drop substantially after
27 the two had been merged. It did for a short
28 time and then it started to go up again, and I
29 think this is only due to the tremendous effort
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2 that has been put into the publication and the amount
3 of money that has been spent on it has made it
4 acceptable to this very large number of Canadians.

5 COMMISSIONER BEAUBIEN: Thank you.

6 THE CHAIRMAN: Mr. Laurin, thank you,
7 but before you go I want to ask one last question
8 for the record, and for my own information. Why
9 do American magazines with circulation running into
10 the millions, why do they bother with the comparatively
11 small, relatively small circulation which they get
12 in Canada? What is the answer to that? I know
13 what they say, but I want to know what you say, I
14 want to know what you think about it?

15 MR. LAURIN: Well there again, Mr. Chairman,
16 you are getting a very complex situation. The
17 reasons can be quite varied and in some instances
18 can have nothing whatever to do with the publisher.

19 For instance, suppose that a mass circulation
20 U.S. magazine is in a race over numbers south of the
21 border -- which most of them are at the moment --
22 and they hire or employ the services of many
23 outside field sales organizations that don't work
24 primarily for them, and they tell these people,
25 "We want circulation and we are prepared to pay;
26 95 per cent of the revenue you derive you keep, you
27 give us 5 per cent of it and for that we will do
28 some promotion." I am not talking in actual
29 figures, I am just trying to state a case.
30



Now, the field sales crews for these various organizations, the outside field sales organizations, go out and sell across Canada and across the States, they are anxious to sell wherever they can, and the more they sell the more they make. They come into Canada and start at one end and go across the country and pick up as much circulation as they can, and then go out to the other end of the country, and they get commission on it as if it were sold in the United States, and this has in some instances, I happen to know, embarrassed U.S. publishers because they got more Canadian circulation than they wanted. On the other hand, there are some U.S. publishers who want -- all I can do is assume that they are interested in developing their Canadian circulation further for the reasons that I have described in my presentation this morning, where they cannot either accept split advertising or where they can add a Canadian section or split them ultimately and form a Canadian edition, but there are various reasons for it.

THE CHAIRMAN: Thank you very much.

MR. LAURIN: May I take advantage of being here just to continue one point you raised this morning on this question of the sale of Chatelaine. I have here a subscription offer, and this came from a charge account mailing of the Robert Simpson Company which was done recently, and they



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2
3 offered these special offers for American publications;
4 10 issues of House and Garden for \$3, at 30 cents
5 a copy. House and Garden is a very thick publication
6 and its mechanical cost would be far in excess of
7 anything in Canada for the weight of the paper and
8 the total weight of the publication. Mademoiselle,
9 12 issues for \$2.50; Glamour, 12 issues for \$2;
10 Living, 12 issues for \$2; 13 issues of Better Homes
11 and Gardens for \$2.12; these are all substantially
12 below. Also, 32 issues of Life for \$2.98. Now,
13 Life is very substantially, generally speaking,
14 heavier than MacLean's magazine and yet this works
15 out to less than 10 cents a copy. All I am trying
16 to point out is that the thing that was raised this
17 morning is not confined to Canadian magazines;
18 it is a practice that goes right across the border.

19 THE CHAIRMAN: Are there any Canadian
20 magazines on that list?

21 MR. LAURIN: None.

22 THE CHAIRMAN: Thank you, sir.
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TORONTO, ONTARIO

SUBMISSION OF

THE

PERIODICAL PRESS ASSOCIATION

SECTION 1

INTRODUCTION

1. This submission is presented on behalf of the members of Periodical Press Association, which embraces three constituent associations.

They are:

(a) Magazine Publishers Association of Canada,
comprising the following consumer magazines:

English Language

French Language

Canadian Homes

La Revue Populaire

Chatelaine

Le Samedi

Health

Chatelaine-La Revue
Moderne

Western Homes & Living

Liberty

Maclean's Magazine

Saturday Night

(b) Agricultural Press Association of Canada,
comprising the following farm publications:

The Country Guide

Le Bulletin des
Agriculteurs

The Maritime Farmer & Co-
operative Dairyman

Farmer's Advocate

(c) Business Newspapers Association of Canada,
comprising 144 business, trade, industrial,
technical and professional publications, which
cover the key people in Canada's trade and
industry.



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1 The circulation of these Periodical Press
2 Association publications totals 4,265,000.
3 MPA member magazines carry 90% of the total net
4 advertising revenue in Canadian consumer maga-
5 zines. BNA members carry 67% of the total net
6 advertising revenue in Canadian business pub-
7 lications; and APA members carry 53% of the
8 total net advertising revenue in Canadian
9 agricultural magazines. A detailed list of the
10 members of each of these associations, with
11 their addresses, is shown at Appendix "A".

12 2. Of these three Associations, Magazine Publishers
13 Association represents those publications which
14 have so far been most affected by foreign com-
15 petition and which come under the most immediate
16 threat of an extension of that competition.

17 3. However, the trend in new publishing practices
18 in the United States is adding further threats
19 of unfair competition to the members of Business
20 Newspapers Association and Agricultural Press
21 Association, and it is important that such
22 threats be brought under control before a
23 really serious situation develops.

24 4. This submission, therefore, while basically
25 describing the magazines situation, has the full
26 support of all constituents of Periodical Press
27 Association.

28 THE ROLE OF CANADIAN PERIODICALS

29 5. The national periodical press of any country plays
30 a significant role in the cultural, political,
economic and social life of its people. These



1 publications provide an important unifying
2 and identifying force. They are an important
3 means of expression of national thought and
4 opinion, a forum for discussion and informed
5 criticism. They supply a vehicle for the
6 works of Canadian authors, artists and photo-
7 graphers. They provide for the dissemination
8 of the specialized information needed by
9 Canadians in business, industry and agriculture.
10 They recognize and publicize Canadian person-
11 alities. They provide entertainment for Cana-
12 dians. Above all, they reflect the Canadian
13 way of life.

14 6. In Canada, these tasks take on even greater im-
15 portance because the Canadian people are exposed
16 to such a continuous flood of U.S. and other
17 foreign opinion and points of view. Canada's
18 geographical position, its standard of living,
19 its industrial and commercial development and
20 the language of the majority of its population,
21 leave its people particularly vulnerable to an
22 almost overwhelming influence by the U.S.A.

23 7. Professor Jacob Viner, of Princeton, discussed
24 this problem of special foreign influence on
25 Canadian thought in January, 1958. In the
26 course of his Allen B. Plaunt memorial lectures
27 at Carleton University, Ottawa, he had this to
28 say:
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1 "Let me now drop for a few moments my dis-
2 cussion of quality and confine myself to the
3 supposition that, quality for quality, the
4 American producer will still have a compe-
5 titive advantage, because of the larger
6 scale of his operations. The American pro-
7 duct, whether it is a popular song, or a
8 popular novel, or a play, or a magazine,
9 will have been produced in the United States,
10 primarily for the American market, primarily
11 by American craftsmen. It will therefore
12 inevitably, even if surely unintentionally,
13 be introducing into Canada American social
14 patterns, American moral attitudes, American
15 political ideas."

16 "On the assumption that the Canadian is
17 moulded by the movies he sees, the music he
18 dances to, the periodicals and comics he
19 reads, the radio he listens to, the Canad-
20 ian mind may be undergoing a subliminal
21 brainwashing. If I were a Canadian and
22 believed this was happening, I would be con-
23 cerned, and I would look into the problem, to
24 see whether there was anything that should be
25 done about it."

26 8. Publications of Canada's periodical press are an
27 important factor in offsetting these alien influ-
28 ences. Along with newspapers and the Canadian
29 Broadcasting Corporation, they give national
30



expression to Canadian thought and opinion.
They deal primarily with Canadian problems,
achievements, political thought, economic,
historic and cultural development. They dis-
cuss world events from the Canadian point of
view.

9. We feel that a Canada which did not have its
own national magazines, its own business press
and its own farm magazines would be a Canada
with a much smaller chance of preserving and
developing its national identity. Their role
is so important, we believe, that if those now
published under private ownership were to be
driven from the scene by foreign competition,
the Government would find it necessary to re-
place them on some basis similar to the estab-
lishment of the CBC. A part of their role
was described in the only formal examination
of Canada's periodical press in recent years,
the Massey Commission in 1951. Its report re-
cognized the contribution Canadian periodicals
were making to the national culture. "The
periodical press", it said, "does make a
conscious, and it seems to us, a successful
appeal to the country as a whole; and in our
periodical press we have our closest approx-
imation to a national literature".

10. While Canadian radio and television operations
are subjected to "overflow" competition for
listeners and viewers, and to somewhat lesser



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degree for Canadian advertising dollars, they are protected from the foreign control of domestic stations by licensing and/or subsidy. Canadian newspapers -- daily, weekly and week-end -- are not directly subjected to overflow competition for readers, except in a few border areas, because of the time and space problems involved. But Canadian periodicals, which play a major role in keeping Canadian informed about themselves, are exposed to strong and often unfair forms of foreign competition on a scale that seriously threatens their continued existence.

FOREIGN COMPETITION

11. Foreign competition takes two direct forms:

- (a) high volume overflow circulation
- (b) by-product publishing, which enables and encourages Canadian advertising dollars to be spent in publications whose editorial content is almost entirely foreign.

12. Either of these two conditions is highly dangerous to Canadian periodicals. In combination, they can easily prove fatal.

13. Canadian periodical publishers feel that it is vitally important that Canada not only retain, but develop and strengthen her national identity. Obviously, U.S. magazines are edited for U.S. audiences, reflect U.S. philosophies, and sell the U.S. way of life. The overflow circulation



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1 of such magazines in this country must have a
2 tremendous influence on Canadian thinking, par-
3 ticularly on our youthful population. In addition,
4 in "Canadian" editions, these ideologies are
5 being sold to Canadians and paid for with
6 Canadian advertising, and tax dollars. Thus
7 Canadians are paying to dilute their own
8 national identity.

- 9 14. It is against this background that we present our
10 submission, believing that action to reduce the
11 important margin of economic advantage now
12 accruing to foreign publications would be in the
13 public interest. The situation in respect to
14 overflow circulation will be dealt with under
15 Section II, see next page.
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SECTION II

OVERFLOW CIRCULATION

15. The overflow circulation situation in Canada is, to the best of our knowledge, unparalleled anywhere in the world. In general, Canadian mails carry far more foreign periodicals than Canadian, and an inspection of any newsstand will disclose the overwhelming ratio of foreign to Canadian magazines. Of the 103 magazines which have over 10,000 single copy sales per issue in Canada (ABC Bluebook, December 1959) only 9 are Canadian, 5 French language and 4 English language.

16. Here are some further facts:

- (a) In 1948 the number of copies sold in Canada, of those U.S. consumer magazines whose Canadian circulation is shown in Audit Bureau of Circulations reports, totalled 86,157,241. The sales of all Canadian magazines audited by ABC for the same period totalled 40,905,518. Canadian magazines were then outnumbered only 2 to 1. The latest comparable figures (1959) show U.S. magazine sales at 162,604,892 and Canadian sales at 45,765,160. Canadian magazines are now outnumbered nearly 4 to 1. Approximately 4 out of 5 magazines now sold in Canada are American.



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(b) In 1959 Canadians spent over \$25,000,000 on the overflow copies of those U.S. publications whose Canadian circulation is shown on ABC statements. If "Canadian" editions of U.S. magazines are added, the figure rises to well over \$30,000,000. Millions of other foreign magazines are sold in Canada annually, but we have no accurate record of their circulations, or the dollars spent on their purchase, because they are not audited.

(c) On September 19, 1960 some representative large newsstands were checked in detail in Toronto, with these results:

A & A Newsstand	352	U.S.	4	British	6	Canadian
						titles
Bus terminal	136	"	3	"	6	"
Benny's newsstand	333	"	5	"	5	"
Eaton's College St.	217	"	15	"	10	"

On September 28, the stand at the Chateau Laurier in Ottawa revealed 132 U.S., 3 British, 13 Canadian titles.

These counts do not include U.S. pocket books or comics.

17. French Canada, too, has its overflow problems but as we have not been able to obtain ABC figures for foreign French language periodicals circulating in Canada, we can give no accurate figures. Three representative Montreal newsstands, on September 25, 1960, revealed the following:



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French Imports

Canadian Titles (French)

1	39	12
2	33	14
3	37	8

18. The overflow circulation per issue of business papers is also very important.

6		<u>1949</u>	<u>1959</u>
7	Number of titles of U.S.		
8	business papers overflowing		
9	into Canada	510	1,497
10	Total Canadian circulation		
11	per issue of U.S. business		
12	papers overflowing into		
13	Canada	225,513	1,122,580

(Source: Standard Rate & Data Service)

This is an increase, in ten years, of 193% in numbers of titles, 398% in circulation per issue, and very significantly, an increase in the average circulation per title of 70%. Farm magazine overflow circulation is not yet so dangerous, but in 1959 totalled 607,000.

19. Here are the implications, as Canadian periodicals have experienced them, of the overflow circulation problem.

(a) The sheer volume and variety, combined with colour and thickness, of foreign magazines tend to overwhelm Canadian publications. Also, promotion efforts of U.S. publishers, developed for their home market and then used in Canada, again push Canadian publications -- which cannot afford such heavy selling programmes -- into the background. The circulation growth



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of Canadian magazines has, therefore,
been restricted and made much more
costly by the overflow circulation
torrent.

(b) American firms (manufacturing, merchan-
dising, etc.) with Canadian branches
or subsidiaries comprise two thirds
of Canada's national magazines adver-
tisers. In earlier days they felt
that they could depend largely on
their advertising in overflow circula-
tion to do their magazine advertising
job in Canada. Accordingly, when mag-
azine advertising appropriations were
set up for their Canadian subsidiaries,
such appropriations were frequently charged
with overflow magazine advertising before
Canadian magazine advertising was pur-
chased. This kind of thinking was slowly
overcome, but is showing signs of
coming to the fore again. It slowed
the development of Canadian magazines
in the past, and could be very injurious
if it assumed important proportions in
the future.

(c) We believe that the heavy volume of over-
flow advertising, of those products and
services which are available on both
sides of the border, has tended to hold
total advertising expenditures in Canada



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below those in the U.S. Here are the
1959 estimates:

	<u>CANADA</u>	<u>U.S.A.</u>
Total expenditure on advertising (million dollars) - 1959	\$584.0 (a)	\$11,117.3 (b)
Population, June 1959 (000's)	17,442	176,900 (c)
Per capita expenditure on advertising	\$33.48	\$62.85
Gross National Product (million dollars)	\$34,593	\$479,300 (c)
Percent advertising to GNP	1.69%	2.32%

Sources: (a) Maclean-Hunter Research Department
estimates

(b) Printers' Ink

(c) Population and GNP - Canadian
Statistical Review

(d) The advertising content of overflow circulation hurts Canadian magazines, and it also hurts the domestic Canadian manufacturer, and Canadian subsidiaries of commonwealth countries, who compete against U.S. subsidiaries. The parent company of the latter may spend heavily on a U.S. magazine campaign which, overflowing into Canada, raises the recognition factor of the U.S. products. The domestic Canadian manufacturer starts his advertising and sales campaign at an important disadvantage. It should be noted that much U.S. magazine advertising is either for products whose names are



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household words in Canada, or carries
"also available in Canada" clearly
displayed. This trend will make it
more and more difficult for Canadian
companies to remain independent of
foreign control. The value of U.S.
advertising overflowing into Canada,
in only those consumer magazines for
which we could obtain advertising
revenue figures, and whose Canadian
circulation is in excess of 25,000
copies per issue, totalled approximately
\$20,000,000 in 1959.

20. It is impossible to attribute the failure of any
magazine to any one cause, but there is no doubt
that the overflow situation outlined above has
been an important contributor to the demise of
many Canadian magazines, such as Canadian Home
Journal, Canadian Magazine, National Home
Monthly, New World, etc. Those that have survived
have not done so easily, and are operated on a
very narrow economic margin, or at a loss.

21. A truly remarkable feature of overflow circulation
competition is that American publishers choosing
to compete in this field are being subsidized,
in effect, by both the American and Canadian
governments.

22. For a number of years, the Canada Post Office
Department has allowed U.S. publishers to truck
or ship their magazines into Canada and mail them



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in Canadian post offices at statutory second class mailing rates, which are lower than U.S. rates. These special privileges exist as the result of an instruction issued by a previous Postmaster General, under the wide powers of discretion allowed him by a section of the Post Office Act. The instruction was issued by a laudable effort to earn some revenue for Canada, since this country receives no revenue for handling magazines mailed in a foreign country.

23. The United States Post Office also offers American publishers an inducement to increase their circulations in Canada, in the form of special postages rates authorized in November 1958. The special rates for U.S. publishers mailing to Canada are lower than the domestic rates to any address over 1,000 miles from mailing point. Thus a publisher in the midwest can mail his magazine to any part of Canada for a lower cost than to New York or San Francisco. A New York publisher can reach any Canadian address -- even far-off Yukon -- at lower rates than he must pay to reach any U.S. address west of Chicago.

24. Hon. Arthur E. Summerfield, Postmaster General of the U.S.A. made no secret of the fact that these low rates were set deliberately to encourage the dissemination of the American viewpoint. In announcing the new rates, he stated



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in an official press release that "increases originally planned in second class postal rates to foreign countries have been considerably modified in view of the growing world acceptance of American published materials and the desire of Americans to encourage their influence abroad."

The statement contained this further direct quotation from Mr. Summerfield:

"By this move, we will be keeping increases moderate enough to encourage continued growth of the world market for printed materials which spread American ideals, culture and facts abroad."

25. The effect of U.S. periodicals on Canadian postal services and operating deficits is of real concern to Canadians. The last reported deficit of the Canadian Post Office in carrying second class mail of all types -- foreign and domestic -- totalled over \$21,000,000.

26. Where does this deficit come from? In paragraph 16 (a) the figures show U.S. ABC consumer magazines outnumbering Canadian magazines by 4 to 1. The average weight of the ten top U.S. magazines circulating in Canada as against the average weight of the ten Canadian magazines comprising Magazine Publishers Association is twice as great. The Canadian Post Office, these figures would seem to indicate, carries eight tons of ABC U.S. periodicals for every ton of Canadian ABC periodicals.



27. The deficit in second class mail stems from these classes of publication:

- (a) daily, weekly, monthly, weekend, farm newspapers
- (b) consumer, business, farm, religious, scientific, etc. publications of magazine type
- (c) foreign publications carried free, or at second class statutory rates

28. The fact is that Canadian periodicals -- (b) above -- are responsible for a much smaller part of the Canadian postal deficit than their foreign counterparts. Further, any increase in second class rates has the direct effect of penalizing all Canadian publications to subsidize still further the circulation of foreign publications in this country.

29. The anomalous situation described above merely highlights the serious problems posed by overflow circulation. However, the widespread circulation of overflow publications in Canada has allowed and encouraged an even more damaging form of foreign encroachment, which is growing constantly wider in its implications. This is foreign by-product publishing. It will be dealt with under Section III, see next page.



SECTION III

BY-PRODUCT PUBLISHING

30. The competitive foreign by-product publishing that threatens Canadian periodicals falls into three categories. They are

- (a) Special "Canada" editions of U.S. publications
- (b) Special "Canada" sections in U.S. publications
- (c) "Split-run" and "regional" advertising, in copies of U.S. publications circulating in Canada

These will be dealt with separately.

Special "Canada" Editions

31. In 1943 Time, and in 1947 and 1948 Reader's Digest, converted their overflow circulation into special editions for Canada. They are "special" in that they carry, throughout, Canadian advertising for Canadian consumption. Their editorial content is almost entirely purchased for the parent edition, and then re-used in each satellite edition. Their parent editions do not circulate in Canada.

32. The saving in editorial costs, over a Canadian magazine which must originate all its own editorial material, allows lower advertising rates than an equivalent Canadian publication can establish. Editorial savings also allow more money for advertising sales efforts, special promotions of various kinds, and for profit.



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33. In order to show the direct effects on advertising rates of by-product savings, we have compared the U.S. domestic advertising rates of Reader's Digest and Time with Saturday Evening Post, and then compared their Canadian advertising rates with those of Maclean's Magazine. The rates used are for one page black and white at the one insertion rate, and are expressed in cost per advertising page per 1,000 copies of the magazine. (C/1000).

34. The C/1000 of Saturday Evening Post is \$4.20 and of U.S. Reader's Digest \$3.02, or 28.1% less. In Canada, the C/1000 of Maclean's is \$6.71 and Reader's Digest combined French and English rate (which most advertisers use) is \$3.73 or 44.4% less. Time (U.S.) C/1000 is \$5.52 or 31.4% higher than Saturday Evening Post. Time (Canada) C/1000 is \$7.96 or only 18.6% higher than Maclean's. In each case, therefore, the advertising rates of Time and Reader's Digest give them a greater competitive advantage in Canada than in their country of origin. This might indicate that the C/1000 of Canadian magazines was too high. The profit and loss figures and breakdown of costs of individual Canadian magazines, which can be made available to the Royal Commission in confidence, disprove this conjecture.



- 1 35. In 1961, a full page four colour in the Reader's
2 Digest English Canadian Edition, with an estimated
3 circulation of 891,000 will cost \$5,155. If
4 an advertiser takes the French edition as well,
5 with an additional circulation of \$209,000, his
6 additional cost will be only \$425. This bargain
7 basement practice places both English and French
8 Canadian magazines in a most difficult competitive
9 position. Reader's Digest has used its low cost
10 simultaneous coverage of French and English
11 speaking markets in Canada to influence advertis-
12 ing away from both French only, and English only,
13 magazines.
- 14 36. For instance, once an advertiser has decided
15 to use the English edition of Reader's Digest,
16 he can buy a one page four colour advertisement
17 in its French edition for \$425, or \$2.03 per
18 thousand circulation. In a long-established
19 Canadian magazine, in the French language,
20 Le Samedi, a page four colour costs \$940, or
21 \$11.70 per thousand circulation. Selection
22 du Reader's Digest will have about 209,000
23 circulation against Le Samedi's 80,000, but
24 can sell a full page four colour for less than
25 half Le Samedi's rates.
- 26 37. We show below a twelve year record of Canadian
27 advertising dollars carried in Time and Reader's
28 Digest, as recorded in the Canadian Magazine
29 Advertising Summary. The Magazine Advertising
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Bureau, which is a committee of Magazine Publishers Association, brings out this Summary as a quarterly report on advertising volume in magazines in Canada. Although Time and Reader's Digest are not members of either MAB or MPA, advertising figures for these publications are included, through the co-operation of their publishers, in this Summary. Other publications included are: Canadian Homes, Chatelaine, Maclean's, Liberty, Le Samedi, Le Revue Populaire, Chatelaine-La Revue Moderne, and Saturday Night. These publications account for 90% of the advertising revenue of all magazines in Canada. A detailed breakdown of the remaining 10% is not available.

38. Advertising revenue figures in the Canadian Magazine Advertising Summary are reported at the gross one-time rates. Dollar volume figures reported are therefore higher than actual gross figures for those publications offering frequency and volume discounts. While the figures are not absolute, they are directly comparable as they have been reported on the same basis. Here are the figures since 1948.



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In 1959 Reader's Digest and Time carried 41% of the advertising dollars spent in the measured magazines in Canada. In otherwords, two foreign magazines carried 70 cents for every one Canadian advertising dollar carried in the nine leading Canadian magazines.

39. Dollars spent in "Canada" editions are lost to all Canadian media. Had they not been spent in foreign publications, they would have been equally available to Canadian newspapers, radio stations, TV stations or magazines. As the drain increases, all Canadian media will feel its effects with growing severity.



40. American publishers have claimed that their

"Canada" editions have generated a great deal of the steadily increasing volume of advertising appearing in their pages through intensive cultivation of the field. They have argued that, by promoting magazines as an effective advertising medium, they have actually helped Canadian publishers to develop more revenue than would otherwise be the case.

41. Statistics, however, do not support this contention. The share of total print media advertising obtained by magazines in Canada, including "Canada" editions, was 7.1% in 1959 as against 7.4% in 1948. This hardly suggests any effective generation of new business for the magazine industry as a whole through missionary work done by the "Canada" editions.

42. It is true, of course, that the dollar value of advertising placed in magazines in Canada has more than doubled during that same period. This is simply a reflection of the fact that since 1945 Canada's GNP has increased 200%, her population nearly 50%, and her total advertising expenditure 350%.

43. If Canadian magazines had not been faced with the dual foreign pressures described in this submission, they would probably have generated as much advertising on their own during this period. If the existing magazines had failed



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1 to do so, new Canadian magazines would have
2 been founded to serve this market. This
3 healthy alternative cannot be said to exist
4 today.

- 5 44. Canada has now only five independent English
6 language national magazines of any substantial
7 circulation. If any one were forced to
8 suspend publication it could only be replaced -
9 if at all - by another "Canada" edition, or
10 section, of a foreign magazine. Canadian pub-
11 lishers simply can't and won't take the risk
12 of entering fields where they are now, or may
13 be tomorrow, faced with competition from a
14 foreign publication with heavy built-in cost
15 advantages and, by Canadian standards, huge
16 resources. Canada is attractive to foreign
17 publishers. Reader's Digest and Time have
18 demonstrated that this is a good market for
19 by-product publishing, because of their fa-
20 vourable pattern of costs, and it is obvious
21 that the Canadian potential for such ventures
22 is growing.
- 23 45. Thus, the threat to Canadian consumer magazines
24 by "Canada" editions does not rest in Time and
25 Reader's Digest alone, but also in other
26 foreign publications, in the U.S. and in France,
27 which are attracted by the promise of profits
28 from by-product publishing for the Canadian market.
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46. The previous Government intended the magazine

1 tax enacted in 1956 to remedy this situation.

2 The measure called for a tax of 20% on the
3 advertising revenues of foreign magazines
4 circulated in Canada and carrying Canadian
5 advertising, unless the publication's
6 editorial content was at least 75% Canadian
7 in origin.

8 47. At the time the tax was announced, seven U.S.
9 magazines and a Belgian magazine were publish-
10 ing Canadian editions. Five of the American
11 publications and the Belgian periodical immedi-
12 ately withdrew from the field.

13 These were:

14 Better Living
15 Everywoman's
16 Family Circle
17 Parents Magazine
Woman's Day
Bonnes Soirees

18 48. Time and Reader's Digest continued to publish
19 their special editions. In 1956 these two
20 periodicals had carried 41.7% of the total
21 number of advertising pages carried in all
22 magazines reporting to Magazine Advertising
23 Bureau. In 1957 this was reduced to 41.4%.
24 Since both publications increased their
25 advertising rates to meet the tax, they
26 enjoyed a slightly greater percentage of
27 total magazine advertising revenue -- 39.8% in
28 1957 as opposed to 38.6% in 1956. This increase
29 in revenue led some people to the assumption
30 that the tax had failed to help Canadian magazines.



1 49. Actually, the magazine tax helped Canadian maga-
2 zines by causing the withdrawal of several
3 "Canada" editions and discouraging the intro-
4 duction of any new ones, "Canada" sections, or
5 split-runs, etc. It raised the signal that
6 some Canadians were interested in remaining
7 Canadian. However, as Time and Reader's Di-
8 gest passed on the tax to the advertiser,
9 more money was spent on them and some Canadian
10 magazines found that their share of the mag-
11 azine advertising dollar was being cut back
12 accordingly.

13 50. The decrease of 0.3% in the number of advertis-
14 ing pages carried (Paragraph 48) might seem to
15 be an almost insignificant fraction,
16 but in this case, it was an important one. It
17 represented the first time since Canadian
18 editions of foreign publications came into
19 being that the upward trend of Time and Reader's
20 Digest had been halted -- at least momentarily.
21 Indeed it was the only time. Repeal of the
22 tax by the present government in June 1958 enabled
23 both publications to resume their steady climb
24 once more. In 1958 these two magazines carried
25 43.2% of the total magazine pages. In 1959
26 it was 45.2% and in the first six months of
27 1960, the figure was 46.6%.

28 51. Another result of tax repeal was that two of the
29 five U.S. magazines that had discontinued their
30



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"Canada" editions in 1956 returned to the field. These were Woman's Day and Every-woman's Family Circle. In addition, other U.S. publications started to solicit Canadian advertising dollars for advertising directed to the domestic Canadian market.

These were:

T.V. Guide
Modern Miss
Argosy
True

"Canada" Sections, Split Runs, Regional Editions

52. Some U.S. magazines, notably Argosy and True, instead of reprinting the complete magazine, use the plan of adding a "Canadian" section only to those copies circulating in Canada. Canadian advertising is then solicited for these pages at a great advantage to the publisher as his basic costs have been absorbed in the U. S. These publications have not made much headway so far, but point the way for still more enterprising publishers to follow.
53. Other magazines, such as Life, Look, Saturday Evening Post, etc., now permit an international advertiser to drop his U.S. domestic advertising in those copies entering Canada and replace it with advertising for his Canadian subsidiary. As the extra cost involved is basically the time required to stop the press and substitute an electro carrying Canadian copy, the price at which such advertising can be sold to Canadian



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subsidiaries can be extremely attractive.

A form of split-run advertising, the publishing of editions for various regions of the country in which some editorial pages as well as advertising pages are changed for each region, is also gaining rapidly in popularity in the United States.

54. Ultimately, split-run advertising, regional advertising, and normal "overflow" advertising featuring "also available in Canada", could replace Canadian magazine advertising for branch plants of U.S. companies, and such advertisers comprise two thirds of the advertisers now using magazines in Canada. In the meanwhile, these advertising practices re-focus attention on overflow advertising and its relationship to Canadian advertising budgets for Canadian magazines.

55. To give some indication of the importance of split runs and regional editions, etc. to U.S. publishers, here is the percent of total advertising revenue gained through these practices in the first half of this year, for several leading U.S. magazines:

Saturday Evening Post	16%	TV Guide	36%
Life	7%	Woman's Day	16%
Look	14%	Everywoman's	
		Family Circle	11%

And these plans are really just getting started.



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1 The trend is clear. Printers' Ink, April 29,
2 1960, page 66, under "Media Forecast" reads
3 as follows:

4 "News from business papers: Regional editions
5 for world -

6 "You are likely to see a new trend toward
7 regional editions in national business
8 papers. But these regional editions will
9 be different from anything published in
10 the past.

11 "Instead of dividing the national into
12 regional marketing zones, these publica-
13 tions will split up the globe.

14 They will report on new developments as
15 they occur in different parts of the world."

16 "With foreign trade zooming in importance
17 for both industrial suppliers and buyers,
18 the new regional business papers should
19 become a prime outlet for ads."

20 21. Again, the "Magazine Industry Newsletter" of
21 New York reports on the 17th of July, 1960 -

22 "National consumer magazines are continuing
23 to broaden their array of regional editions,
24 split runs, and partial runs."

25 It goes on to say:

26 "In 1961 magazines will still further extend
27 their regional editions. An advertiser
28 today can buy both volume and localized
29 circulation in any major market."
30



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58. Obviously, under today's complete lack of restriction, one of the major markets for such publications is coming to be Canada, which is being treated as a "region" of the U.S.A. The heavy and growing overflow circulation of U.S. publications in Canada not only provides a ready made base for this type of operation, for split runs and for "Canada" sections, but it actively encourages them.

59. U.S. magazines, in which Canadian advertising has already been carried to reach the domestic Canadian consumer are listed below:

<u>MAGAZINE</u>	<u>CANADIAN CIRCULATION</u> <u>(From Dec/59 ABC Statements)</u>
Reader's Digest	799,459
Selection du Reader's Digest	187,962
Time	210,164
Everywoman's Family Circle	262,368
Woman's Day	198,455
True	154,188
Argosy	104,702
McCalls Needlework & Crafts	103,591
McCalls Magazine	233,016
Saturday Evening Post	230,664
Life	281,810
Look	156,981
T. V. Guide	<u>364,592</u>
TOTAL	3,287,952

In addition, there are over 100 other U.S. magazines now accepting split runs or regional insertions of advertising copy in the United States. Under today's conditions any or all may designate Canada as an area for which advertising will be accepted. Some may have already done so without our knowledge. It is



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interesting to note that the total Canadian
circulation of MPA member magazines is
2,365,897 - substantially less than those U.S.
magazines now carrying Canadian advertising
in Canada.

60. For Section IV - Conclusion - see next page.

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SECTION IV

CONCLUSION

61. It is hoped that the Royal Commission on Publications will conclude that the conditions outlined in this submission are unfair foreign competition and that they call for special measures to ensure the preservation of a genuinely Canadian periodical press, playing an important part in the preservation of a Canadian identity.

62. Periodical Press Association anticipates that, when all preliminary hearings have been completed before the Royal Commission, courses of action required to establish an equitable climate of operation for existing periodicals and to encourage the establishment of new Canadian periodicals, will become apparent.

63. Recommendations as to such courses of action are therefore being deferred until the final hearings in Ottawa during December.

Respectfully submitted

(C. J. Laurin)
PRESIDENT
PERIODICAL PRESS ASSOCIATION



SUBMISSION OF
GRAPHIC ARTS INDUSTRIES ASSOCIATION

APPEARANCE:

David Maclellan - General Manager
Graphic Arts
Industries Association.

THE CHAIRMAN: Now, Mr. Maclellan?

MR. MACLELLAN: Mr. Chairman and members
of the Commission before I begin my submission I
would like to make a brief explanation. We were
asked to notify you in advance of the composition
of our delegation. I am sorry to say, because of
the weather, that half of our delegation is missing;
our National President, Brig. Gostling, the President
and Manager of the Toronto Graphic Arts Association
and also our Past President, Dr. C.H. Dickinson,
General Manager of the Ryerson Press, was stranded
at Malton. I do have with me the President of the
Employing Printers Association of Montreal, Mr.
Savage, and the Past President and the Manager
of the French association in Montreal, Maurice Gillet
and Jean Gillet, and with that brief apology for
our smaller numbers I will go on.

THE CHAIRMAN: Will you identify yourself
for the record and tell us who you represent.

MR. MACLELLAN: My name is David Maclellan,
I am general manager of the Graphic Arts Industries



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Association, representing a large group of employing
printers from coast to coast, and it is in that
capacity that I appear today.

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SUBMISSION OF

GRAPHIC ARTS INDUSTRIES ASSOCIATION

EXPLANATORY

1. This brief sets forth problems and injustices affecting this industry.
2. It does not advocate any such specific measures as tariffs or taxation or embargoes.
3. However, it does emphasize obstacles to trade set up by the United States, and the great advantages accruing to that country by reason of one-sided concessions on the part of Canada.
4. The brief urges a positive public policy directed to the encouragement of domestic printing and publishing in general, with particular reference to nationally circulated print media.



SUBMISSION

1. The Graphic Arts Industries Association embraces all local and regional associations of employing printers in Canada, and a number of direct member companies not belonging to local bodies. In all, we represent more than 500 producing plants, and expect, by the time that this submission is formally presented, that approximately 80 more producing firms will be affiliated with us.
2. Our membership list as of Aug. 31, 1960, is attached in printed form as Appendix "A".
(Some companies not listed have become members since that date.)
3. This list also shows nearly five dozen manufacturers and suppliers of paper, ink, and machinery who are associate members of our various local and regional groups.
4. Because a number of the producing plants in our membership are owned by publishers of books, periodicals and newspapers, we wish to stress that we do not speak for the publishers as such.
5. Printing and Canada are the common concerns and binding ties of our members; and the first purpose of this Association, as set forth in its federal charter of incorporation, is to advance the graphic arts industries in this country.



- 1
- 2 6. These included the several printing processes -
- 3 notably letterpress, lithography, and
- 4 rotogravure - and such closely allied operations
- 5 as typesetting, engraving, offset platemaking,
- 6 and bookbinding. Other organizations, of
- 7 course, exist within these segments of the
- 8 graphic arts and serve their specialized inter-
- 9 ests.
- 10 7. On this occasion, we represent views held by
- 11 almost all of our member firms. These have
- 12 been reflected by resolutions adopted unanim-
- 13 ously at the Association's annual meetings
- 14 in 1957 and 1960, which instructed the
- 15 organization's national office to acquaint the
- 16 Government of Canada with the industry's prob-
- 17 found anxiety with regard to the extraordinary
- 18 competition by foreign periodicals with the
- 19 existing Canadian periodicals printed by
- 20 our members.
- 21 8. These members print most of the leading
- 22 Canadian periodicals and many smaller ones.
- 23 A list of 236 of these is attached as
- 24 Appendix "B". This is not a complete list.
- 25 9. It will be apparent, therefore, that our
- 26 members have a heavy capital investment
- 27 in buildings, machinery, and equipment
- 28 because of existing periodicals (and the
- 29 hope for more). They employ thousands of
- 30 printing craftsmen and other personnel



1

2 10. Consequently we have reason to be alarmed
3 by the massive campaign of United States
4 publishers - aided and abetted by the U.S.
5 Government - to conquer the domestic Canad-
6 ian market, and to Americanize the reading
7 habits of the Canadian people from child-
8 hood up.

9 11. The Canadian economy is adversely affected
10 annually by not less than \$110,000,000,
11 for the benefit of printers, publishers,
12 and allied industries in other countries -
13 mainly in the United States. It can be
14 estimated that the printing production
15 involved, if done in Canada would employ
16 about 11,000 people in the graphic arts.

17 12. European competition also has grown rapidly,
18 especially in the last decade. In this
19 regard, because our affiliated body of
20 French-speaking master printers in Montreal,
21 L'Association des Maitres-Imprimeurs de
22 Montreal, Inc., and our affiliate in
23 Quebec City, Le Syndicat Patronal de
24 l'Imprimerie de Quebec, will be submitting
25 representations with regard to European
26 magazines, we endorse those representations;
27 and, therefore, this brief deals primarily
28 with (1) the competition thrust upon us by
29 the United States, with no present prospect

30



1 of reciprocity, and (2) the need - before it is
2 too late - for a positive public policy directed
3 to the preservation and encouragement of printing
4 and publishing in Canada.

5 13. It is entirely conceivable that, before our
6 population reaches 25,000,000 within rela-
7 tively few years, there will be no nationally
8 circulated publications in which the man in
9 the street or the growing boy may find Canad-
10 ian affairs discussed in Canadian terms
11 by Canadian writers and editors.

12 14. Are the Canadian people and Government going -
13 by default - to let Americans complete
14 their planned conquest of Canadian reading
15 habits in the English language? Are they
16 going to let the bulk of our domestic
17 printing requirements of books and periodicals,
18 plus many other products we can supply - even
19 to souvenir postcards of our Parliament
20 Buildings and Mounted Police, be American-
21 produced on American paper with American ink,
22 with most of the postal and tax revenues
23 accruing to Washington instead of Ottawa?
24 This is happening now. The creation of
25 this Royal Commission inspires the hope that,
26 in one area at least, our Government,
27 Parliament, and people may decide to stand
28 on guard for things Canadian.



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Maclellan - 5A-

1
2 Mr. Chairman, I would like to submit this
3 collection of printed pieces as an exhibit in connection
4 with that paragraph, post cards, sales literature of
5 large Canadian companies, all printed in the United
6 States for Canadian requirements.

7 MR. PITFIELD: Mr. Chairman, this exhibit
8 is 0-12-60.

9 ---EXHIBIT NO. 0-12-60: Collection of
10 printed pieces.

11 COMMISSIONER JOHNSTON: I wonder if we could
12 examine these things before Mr. Maclellan goes any further.
13 If we get too many exhibits we will never see them
14 all.

15 THE CHAIRMAN: What are those?

16 MR. MACLELLAN: I might explain very briefly:
17 most of this collection represents sales literature
18 turned out by large firms such as National Cash
19 Register, Burroughs, Business Machines, Dictaphone
20 Corporation and similar companies who are very large
21 operations in Canada and whom you might expect to
22 do business in Canada, to do their printing here.
23 They do not.

24 There are post cards, Toronto and Montreal,
25 some bilingual. All of these are printed in the
26 United States for sales to American tourists who
27 visit in Canada and, I suppose, to our own people,
28 and mailings, two mailings, Newsweek magazine from
29 Windsor, all produced in the United States, that sort
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Maclellan

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of thing.

COMMISSIONER JOHNSTON: Are their catalogues,
Canadian company catalogues?

MR. MACLELLAN: We were working under
pressure at the time, and these are specimens I
was able to collect quickly for the Commission. If
we had more time we would have more.

THE CHAIRMAN: You could have collected
comics.

MR. MACLELLAN: Yes sir.



- 1 15. Referring to Appendix "B", you will note the
2 geographical diversity and competitive
3 character of periodicals printed by our
4 members. Nearly every province is repre-
5 sented; and it is well for all Canadians
6 to remember that printing, publishing, and the
7 allied graphic arts benefit Canada in all
8 regions.
- 9 16. This is one industry that is not concentrated
10 in a few hands and in a few places. It
11 comprises more than 3,000 companies and
12 plants in every province, and in almost every
13 municipality.
- 14 17. The periodicals we print range from the
15 Maritime Merchant to the B.C. Journal of
16 Commerce and to Western Homes and Living. They
17 include such rigorous competitors as the
18 Wallace group in Montreal, Reader's Digest
19 (English and French editions), Liberty, the
20 Maclean-Hunter group, the Southam-owned
21 Hugh C. MacLean group, the Stovel-Advocate
22 and Mitchell groups, Country Guide, Le
23 Bulletin des Agriculteurs, the Canadian
24 Medical Journal, and scores of smaller, inde-
25 pendent publications.
- 26 18. The physical size of Canadian printing plants
27 has been dictated, in the case of companies
28 from Newfoundland to British Columbia, by
29 the existence of book and periodical publishing,
30 and by the hope for growth in these fields.



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This may be reflected by the installation of one additional printing press, or of many presses.

19. A press that can print a periodical may be used to print a book, and vice versa. The local university or high school yearbook might not be conveniently or economically printed locally, if a local printer had not equipped his plant to produce a periodical (or a newspaper; for that matter). Yet taxation, ineffective tariffs and other disadvantages have delivered the cream of the yearbook business into U. S. hands.

(McGill University, University of New Brunswick, Queen's, the University of Toronto and many smaller institutions have their yearbooks produced in the U. S. The publicly-owned University of Toronto Press finds it impossible to undersell the Americans in bidding for the U of T yearbook!).

20. Printing presses, feeders, folders, deliveries, and bindery machines have been installed in larger sizes and greater numbers, because of the various facets of publishing. These dictate larger composing rooms, larger storage facilities, more ancillary equipment and services and therefore larger buildings and more employees.

21. Being equipped to print periodicals and/or books means that printing plants can solicit



1 . and hope to secure such other work as
2 brochures, company magazines, company
3 annual reports, and advertising broad-
4 sides - which might otherwise be lost to
5 them, and even to the communities they
6 serve. Thus domestic periodical or
7 book publishing does far more than to
8 create its own production requirements.
9 For the printer, it opens doorways to
10 many other kinds of printing business.

11 * * *

12 22. It is inevitable that there will always
13 be a large and normal flow of printing
14 into Canada from the United States and
15 other countries, because of people
16 speaking and reading the same languages,
17 and because printing flows with business -
18 and builds business. But there ought to
19 be reasonable limits, which somehow must
20 be established.

21 23. The enormous preponderance of U.S. period-
22 icals in Canada today did not come about
23 naturally - contrary to any illusions
24 that may be entertained about reading
25 preferences.

26 24. Although U.S. periodicals would be expected
27 to enjoy widespread reader interest in
28 Canada, the present tremendous imbalance
29 has resulted (1) from a highly-organized,
30 well sustained and progressively intensi-



1 filed campaign begun in the 1920's by
2 U.S. publishers, (2) from the relatively
3 weak position of Canadian publishers then
4 and ever since, and (3) from the absence,
5 during most of the intervening years, of
6 protective devices which are normal in
7 the U. S. and elsewhere.

8 25. Least of all would the U. S. concede to
9 Canada a similar measure of domination.
10 Restrictive quotas, an iniquitous copy-
11 right manufacturing clause, and other
12 devices - including valuation of editorial
13 content to increase duties - are among
14 the defensive weapons employed by the
15 U. S. against Canada's publishers and
16 printers.

17 26. Before this Royal Commission concentrates
18 its attention entirely upon periodicals,
19 we urge it to dwell upon the fact that
20 Canadian book publishing already is domin-
21 ated by other countries, and by the U.S.
22 in particular.

23 27. Nor is this altogether a natural development.
24 By no means! Because of a manufacturing
25 provision in the United States Copyright Act,
26 and because of a certificate signed on Dec. 26,
27 1923, by the Canadian Secretary of State, no
28 book produced in Canada can be exported to
29
30



1 the U. S. in quantities greater than 1,500
2 copies without loss of U. S. copyright pro-
3 tection.

4 28. The consequences have been that better-sell-
5 ing Canadian books in the English language
6 have had to be printed in the U.S. or in
7 the United Kingdom, and that it thus becomes
8 cheaper to print abroad those quantities
9 required for sale in Canada.

10 29. Mazo de la Roche could not have sold some
11 1,500,000 copies of her books in the U.S.
12 as she has done, if they had been printed in
13 Canada. But an American author can sell a
14 million copies of a U.S.-printed book in
15 Canada without hindrance. You have only to
16 visit any good book store to observe that
17 better-selling works of Thomas Raddall,
18 Farley Mowat, David Walker, Dr. Wilder
19 Penfield, Pierre Berton, William Toye,
20 Asst. Commissioner (RCMP) Vernon Kemp,
21 Morley Callaghan, Colin McDougall, Peter
22 Newman, Brian Moore and Donald Creighton have
23 been printed outside this country, either
24 in the U.S. or the United Kingdom.

25 30. This form of compulsion violates the much
26 vaunted doctrine of "free flow of informa-
27 tion". It treats Canada as something less
28 than a sovereign state.

29 31. The Commission would not be needed if, like
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1 the United States, Canada had implemented
2 policies and employed devices to preserve
3 and encourage an industry providing employ-
4 ment in all regions, and to prevent its
5 conquest by foreign interests.

6 32. It is only right and proper to acknowledge
7 the fact that there have been efforts by
8 successive Canadian governments to help
9 different branches of this industry, in
10 various ways. However, these have been
11 inadequate. The industry remains exposed
12 to competition of a character and dimensions
13 unmatched in any other self-governing nation.

14 33. The only solution possible is for our Govern-
15 ment and nation to declare themselves for
16 Canada, now and forever. We cannot afford
17 to indulge those who deceive themselves
18 and the public with the idea that we can
19 drift on our present course, yeilding
20 our national estate and inheritance to
21 every exploitation under cover of neighborli-
22 ness, friendship or business.

23 34. The hard fact is that we are caught between
24 the U.S. ability to achieve lower unit
25 costs and more rapid specialization due to
26 a vastly bigger and richer population, and,
27 on the other hand, lower labor and material
28 costs in Europe and Japan, where larger
29 populations also permit more rapid specializa-
30 tion.



- 1 35. Our small population now supports the greatest
2 volume of imported printing of any country in
3 the world. All available statistics confirm
4 this statement. Some pertinent figures
5 and comparisons are attached as Appendices
6 "C", "D", and "E".
- 7 36. Official statistics on printed imports and
8 exports tend to mislead, because these
9 record only shipments through customs.
10 Great quantities of publications and other
11 printed matter enter Canada by second-
12 class and third-class mail. These are
13 not measured statistically; but they
14 obviously worsen Canada's unfavourable
15 balance of trade.
- 16 37. Yet the official statistics are grim enough,
17 for this industry, for Canada's balance
18 of trade, and for the Canadian way of life.
- 19 38. Canada imported in 1959 through customs
20 \$96,345,496 worth of publications and
21 printed matter from the rest of the world,
22 or \$5.52 per capita, as compared with
23 Canadian exports of \$5,014,042, or \$0.28
24 per capita.
- 25 39. Of total imports via customs, \$87,371,013
26 worth came from the U.S., representing
27 \$5.09 per capita.
- 28 40. Canadian exports via customs to the U.S. in
29 1959 were \$3,913,690 or \$0.02 per head of
30 U.S. population.



- 1 41. It is noteworthy, to put it mildly, that
2 when total U. S. imports from the rest of
3 the world were only \$40,285,424 in 1959 -
4 or \$0.22 per capita - American organiza-
5 tions of printers and publishers have
6 been agitating this very year for more
7 restraints upon foreign competition and
8 for more concessions by other countries,
9 including Canada. Evidences are attached
10 as Appendix "F".
- 11 42. Our belief is that they - in the U. S. -
12 don't want any competition from Canada
13 or elsewhere, much as they may talk about
14 competitive free enterprise. We have been
15 so willing to trade that, in their case,
16 we have overdone it to our own peril.
- 17 43. Canada absorbs nearly 75% of all U. S.
18 exports of printed matter recorded for
19 customs purposes (\$87,371,013 out of
20 \$117,696,680), PLUS all the unrecorded
21 publications and other printed matter
22 travelling by postal channels. The true
23 percentage presumably lies between 80%
24 and 90%.
- 25 44. Here we not only see a substantial
26 portion of our adverse balance of trade.
27 There are also tens of millions of dollars'
28 worth of unrealized domestic consumption
29
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of materials made and/or sold in Canada;
unrealized jobs, wages, and profits; un-
realized postal revenues and taxes; un-
realized plant expansion and home construc-
tion; and unemployment insurance.

45. Inroads of advertising and printed matter
other than publications have swollen
to flood proportions - as the Canadian
Post Office and mail carriers will confirm.
U. S. periodical publishers are responsible
for much of this in the form of direct
mail solicitations. So are many Canadian-
based companies controlled in the U. S.,
which have their advertising pieces printed
there and often mailed there.

46. The volume of all forms of printed matter
entering by second-class and third-class
mail costs the Canadian Post Office and tax-
payer a sum well into seven figures annually--
without recompense. This is a factor in
forcing up domestic postage rates, for Canad-
ian printers and publishers and all other
users of the mails.

47. Tonnage equalization payments are made
between Canada and the U. S. on fourth-
class mail (parcel post), but none is made
on second-class and third-class mail. The
flow is overwhelmingly in this direction.



- 1 48. The circulation in Canada of U. S.-printed
2 periodicals now approximates 156,000,000 at
3 least, insofar as we can discover. Those
4 subject to circulation audit by the Audit
5 Bureau of Circulations account for more than
6 150,000,000 copies annually.
- 7 49. If valued conservatively at ten cents
8 apiece for paper, ink, and printing production
9 only, these would represent imports of
10 \$15,600,000. A realistic appraisal more
11 likely would be in the order of two to
12 four times that figure, because many normally
13 are thick, lavish, multi-colored productions
14 by Canadian standards or any standards.
- 15 50. We come to the conclusion, because of the
16 heavy shipments of subscribers' copies,
17 direct mail advertising, and other printed
18 matter through postal channels, that it is
19 reasonable to project Canada's total
20 printed imports in 1959 from the customs fig-
21 ure of \$96,345,496 to at least \$110,000,000.
22 We can believe that the true total was higher,
23 but wish to avoid wild speculations in this
24 submission.

25 * * *

- 26 51. How did we come to our present problem?
27 In most nations, effective language barriers
28 protect and preserve national heritages and
29 cultures, including domestic book and period-
30 ical publishing and printing. Canada lacks



1 this providential protection. However,
2 if we have the courage to do what the
3 United States does as a matter of course,
4 we may yet preserve our native institutions,
5 including the book and periodical publishing
6 business.

7 52. Whatever our interests or wishes, the
8 temptation of the Canadian market is
9 irresistible to the American who has anything
10 to sell abroad. He doesn't have to learn or
11 use another language. Being handicapped in
12 that respect, as a general rule, he concentrates
13 a far greater sales effort in Canada than
14 in Mexico or any other country. His attentions
15 become all the more overpowering because
16 he is our only close neighbor. No girl ever
17 had less hope of escape from seduction, if
18 she were to do nothing else but listen to one
19 constant, persistent, unrelenting supplicant.

20 53. As we try to cultivate our garden, our neigh-
21 bor keeps trying to transplant his organisms
22 and cultures, so that we have extreme
23 difficulty giving proper attention to our
24 own.

25 54. The American author of the book, "Magazines
26 in the Twentieth Century", published by the
27 University of Illinois (and most interesting
28 reading for members of a Royal Commission
29 such as this), remarks how, a generation
30



1 ago, American magazine publishers regarded
2 Canada "more as an adjunct of the domestic
3 market than as a foreign one". He repeatedly
4 calls them "merchant publishers", and the
5 phrase is apt.

6 55. At that time, our population was little
7 more than half what it is today. Our book
8 and periodical publishing houses were weak
9 and struggling, hoping that population growth
10 eventually would justify their faith and
11 reward their efforts.

12 56. The Government of Canada, by the certificate
13 of 1923 already cited, delivered better-sell-
14 ing Canadian books into foreign hands.

15 57. Then, in the later 1920's, the U. S. magazine
16 publishers made an unprecedented onslaught
17 upon the Canadian home. They sent their slick-
18 est, glibbest salesmen to recruit Canadian
19 boys and girls as magazine "crews", whose
20 message was to be that they were working
21 their way through college and needed every
22 subscription they could get. All of this
23 prompted many jokes of the time; but,
24 thoroughly trained, these magazine crews
25 went into every Canadian city,town and
26 village in order to wheedle, flim-flam
27 and bulldoze housewives into subscribing.
28 Guided by the skillful carpetbaggers who
29 hired them,they used every trick and every
30 inducement in the book. It was a determined,



1 successful effort to saturate English-
2 speaking Canada with the American product.
3 The Canadian magazines of the time did not
4 have the resources to fight back on equal
5 terms, and never have had. The depression
6 and war followed.

7 58. It is well to realize - for the purposes
8 of comparison and better understanding -
9 that the physical volume of all U. S.
10 imports today is little if any greater
11 than Canada's nearly 30 years ago. The
12 customs valuation of Canadian imports of
13 publications and printed matter in 1931 was
14 \$18,000,000. The valuation of U. S. imports
15 in 1959 was \$40,285,424. Remembering that
16 \$40 wouldn't buy much more in 1959 than \$18
17 would in 1931, it is ironic for us in Canada
18 to read the anguished protests of U. S.
19 printers and publishers against a trickle
20 of foreign competition compared to our flood.
21 But some of them will be here wanting to
22 keep Canada flooded.

23 59. The alarm felt by the industry, in Canada
24 led to the imposition of tariffs and excise
25 taxes in 1931. These were the choice and
26 determination of the Government of the day.

27 60. Not grasping or caring about the dangers,
28 the uninformed concentrated their fire upon
29 interference with popular reading habits,
30 some of which had scarcely been well formed



1 in 1931. There was not, in fact, any
2 prohibition of the U. S. product - simply
3 the application of conventional U. S.
4 protective devices.

5 61. As a direct result of the measures instituted
6 then, within two years (by February, 1933)
7 no less than 52 regularly published U. S.
8 magazines were printing their Canadian re-
9 quirements in Canada. Their combined annual
10 Canadian circulation was 23,000,000 copies.
11 They were anxious enough to retain their
12 Canadian sales - sufficiently anxious
13 to print here when there was an inducement
14 to do so. The printing of the 52 magazines
15 in question provided substantial employment
16 for Canadians in the middle of the depression.

17 62. Unhappily for the industry, the protective
18 measures had become a political football.
19 The layman was easily swayed, being more
20 aware of his own pocket than of cultural
21 and economic perils confronting the nation.
22 None of us likes to pay more; but we cannot
23 preserve things Canadian without paying a
24 price.

25 * * *

26 63. The Government elected in 1935 promptly
27 did the popular thing, and removed the
28 offending tariffs and excise taxes -
29 probably not realizing the extent to which
30



1 the U. S. would now exploit our defence-
2 less situation.

3 64. Immediately, every single one of the
4 American publishers - including Esquire,
5 which had just begun to print in Canada
6 in 1935 - took the printing back home.
7 They were 100% American, and still are.
8 They remain ardent supporters of U.S.
9 protectionism at home.

10 65. The drive for circulation in Canada was
11 intensified, and maintained during 1939,
12 1940, and 1941 when Canadian publishers were
13 subjected to Canada's wartime restrictions.
14 Later the drive for Canadian advertising
15 revenues, on the strength of Canadian
16 circulation, was to follow.

17 66. Throughout the years, the U. S. has
18 rigidly enforced its copyright device to
19 force the printing of better-selling
20 Canadian books in the U.S. Today it
21 has no compunction about taxing the
22 "free flow of information" by appraising
23 the value of editorial content in ship-
24 ments of Canadian printed matter, in
25 order to increase the duty payable.

26 67. The Eisenhower Administration has labelled
27 American publications as propaganda instru-
28 ments for the American way of life, and
29 subsidizes them as such by means of postage
30



- rate concessions. These make it cheaper to mail from leading U. S. centres to Canada than from point to point within the U. S.
68. Announcing these concessions in November, 1958, to take effect Jan. 1, 1959, U. S. Postmaster General Arthur E. Summerfield explained that the purpose of helping the export of U. S. books, magazines, and newspapers was "to encourage continued growth of the world market for printed materials which spread American ideals, culture and facts abroad." (Canada represented almost 75% of the U. S. "world market for printed materials".) He also cited "the desire of Americans to encourage their influence abroad."
69. If the American interests proposing to appear before this Commission are as loyally American as we believe them to be, it should be fair and reasonable to assume that they are more interested in the cultural assimilation of Canada by the U. S. than in the preservation of our national heritage and identity.
70. We refer to the cutting from the Journal of Commerce, included in Appendix "F", which reports the present efforts of the U. S. printers and publishers - including periodical publishers - to have their Government "move on a broad front to protect their



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1 \$125 million-a-year export business."

2 They are described as urging the U. S.

3 Government "to use whatever resources

4 it can to force other countries to

5 soft-pedal their discrimination against

6 U. S. publishing materials."

7 71. Now, since the bulk of their world market is
8 Canada, we call to your particular attention
9 the concluding paragraph of the Journal
10 of Commerce cutting, which reads:

11 "The publication representatives pointed
12 out that not only will more favorable
13 rates (i.e. postal rates) help their
14 overseas circulation, but would further
15 serve to whet foreign interest in the
16 products of their advertisers."

17 72. What the U. S. publication representatives
18 have to say to their own Government in
19 Washington is curiously different from
20 their representations to the Government of
21 Canada. Here they talk about "free flow
22 of information". We suggest that their
23 prime concerns have been stated more clearly
24 to their own Government. Americanization
25 of Canadian reading habits is vital to
26 their publishing activities in this country.

27 73. Any student of history will recognize that
28 American emphasis, since the 1920's, upon
29 economic and cultural penetration of Canada



1 is the successor to - and refinement of -
2 the historic doctrine of "Manifest Destiny".
3 This creed animated American policy from its
4 conception during the War of the Revolution
5 down to the 20th Century with the idea that
6 all of North America eventually would be
7 engulfed by the U.S.

8 74. This was the doctrine that hastened Confed-
9 eration in 1867, and brought Canada's right-
10 ful destiny into clearer focus. It was the
11 same doctrine that kept our neighbors busy
12 advocating annexation down through the
13 years.

14 75. With changing times, changing ways. In our
15 generation the strategy is to employ modern
16 media of mass communication and U. S. capital
17 in order to speed the economic and cultural
18 absorption of Canada. The techniques are
19 more subtle and more effective.

20 76. To count only 156,000,000 copies of U. S.
21 periodicals would give a total of billions
22 upon billions of printed pages - printed
23 impressions - carrying the American image
24 to all parts of Canada in one year. Add
25 books, catalogues and direct mail advertis-
26 ing pieces - and the process of obliteration
27 assumes a magnitude beyond precedent
28 in the history of nations. Nor have we
29 taken into account the impact of movies,
30 radio, and television.



1 77. How are we going to preserve a Canadian
2 image? How are our businesses and in-
3 dustries going to meet the overwhelming
4 advertising competition of U. S. business
5 and industry? Modern advertising pressures
6 largely determine the successes and failures
7 in mass merchandising; but we are giving
8 the outsiders a free run at the mortal peril
9 of domestic enterprise and to the great
10 hurt and hardship of our labor force.
11 We invite unemployment.

12 78. Let legitimate information flow freely.
13 But advertising matter, which is dutiable
14 in other printed forms when entering from
15 abroad, might be considered differently
16 and in its true light - as a builder of
17 business and employment for other countries
18 at the expense of this country. If there are
19 no countervailing factors allowed to work
20 for Canada, the trend of unemployment will
21 become increasingly easy to predict.

22 79. At least, let our neighbors print more of
23 their Canadian market requirements in the
24 country that pays for them in so many ways.
25 The Reader's Digest and a few small period-
26 icals do so now; and all credit to
27 them. But their good example is not
28 emulated, and (except for repeated, unful-
29
30



1 filled rumors in one case) there is
2 no sign that other U. S. publishers
3 seriously plan to become "good corporate
4 citizens" of Canada. By not even trying
5 to induce them, we invite more unemploy-
6 ment as the labor force expands.

7
8
9
10 (PARAGRAPHS NUMBERED 80 TO 84 DO NOT APPEAR DUE
11 TO LAST-MINUTE DELETIONS OF HISTORICAL REFERENCES
12 TO THE APPLICATION OF THE DOCTRINE OF "MANIFEST
13 DESTINY". IT WAS FELT THAT THESE WOULD BE WELL
14 KNOWN TO THE COMMISSIONERS.)

15
16
17 85. It would be appropriate, to say the least,
18 for the Government of Canada to differen-
19 tiate between U. S. periodicals in direct
20 competition with the Canadian publications
21 by methods designed to encourage those
22 who print their Canadian requirements here,
23 and who use Canadian made paper and ink
24 in their product.

25 86. Further, we favor reasonable concessions to
26 the wholly Canadian periodicals, both for
27 national considerations, and for the sound
28 economic reason that - if securely established
29 - their printing production will yield
30



1 maximum benefits to this country.
2 87. It seems timely and apropos to quote from
3 a letter addressed on June 21, 1960, by
4 this Association to the Hon. Gordon Churchill,
5 then Minister of Trade & Commerce. This
6 had to do with the announced intention of
7 the U. S. Government to seek further tariff
8 concessions on publications and other printed
9 matter from Canada and other countries during
10 the current GATT negotiations in Geneva:

11 "As you are aware, the Canadian printing
12 industry already is subjected to more
13 foreign competition - largely from the
14 U. S. - than it can comfortably support.
15 It is of a volume and a character un-
16 paralleled elsewhere, and the volume
17 has been growing rapidly in recent years,
18 as your own Department's statistics
19 will verify.

20
21 "The Graphic Arts Industries Association
22 is striving to improve the competitive
23 position of Canadian printers, most
24 notably through encouraging better tech-
25 niques of management, sales, and plant
26 operation; but the competitive position
27 of the industry is being progressively
28 worsened by the easy access and greater
29 resources of U. S. and European exporters
30



1 of printed matter. Now Japan is showing
2 avid interest in this market.

3 "Rather than recite statistics and
4 circumstances which must be well known
5 to you and to the Government, when our
6 newsstands, book stores, and postal
7 channels are flooded with foreign printed
8 matter on an unprecedented scale, we
9 would ask the following on behalf of
10 our member companies and on behalf of
11 the most wide-spread and largest employer
12 among manufacturing industries in Canada:

13 "1 - That public policy be directed
14 to containing and reducing the
15 volume of printed imports, in-
16 cluding positive resistance to
17 any further tariff concessions,
18 most especially to countries
19 which already ship great quantities
20 of printing to Canada;

21 "2 - That public policy take into account
22 the unrelenting pressure by inter-
23 national trades unions to push
24 wages in the Canadian printing
25 industry as close as possible to
26 the wage levels in the U. S. indus-
27 try, when potential sales of the
28 Canadian industry inevitably are
29 vastly smaller (in large measure
30



1 due to printed imports from the
2 U. S.);

3 "3 - That public policy recognize the
4 essential character of domestic
5 printing plants in all provinces
6 and almost every community of
7 any size;

8 "4 - That public policy positively en-
9 courage the legitimate domestic
10 growth potential, and possibilities
11 for employment and profit, of tax-
12 paying commercial printing plants."

13 88. Written before we knew this Commission was to
14 be created, the four points cited in the
15 quotation summed up the feelings of our
16 members as to the broad or overall picture.
17 We ask you to think similarly with regard
18 to the effects of periodical publishing
19 upon printing in Canada.

20 89. In substantiation of the quoted reference above
21 to wages, we attach a printed compilation of
22 wages and benefits paid in Canada by unionized
23 commercial printing plants to members of
24 the International Typographical Union. This
25 is Appendix "G".

26 90. As visual evidence of what is being offered
27 to the public by a leading Canadian book
28 store, we present an album of photos taken
29 in that establishment. It is one of a chain
30



wherein at least 90% - perhaps 95% - of a great variety of books, periodicals, and printed novelties comes from the U. S., much of it sold at prices with which Canadian printers and publishers cannot begin to compete.

* * *

91. According to the Canadian Pulp & Paper Association, the comparative consumption in 1958 by the U. S. and Canada of book, fine, miscellaneous fine, and groundwood papers for printing was as follows:

U. S. - 63.8 lbs. per capita;

Canada- 33.2 lbs. per capita.

Any observer of the relative use of printed products in the two countries would find this hard to believe. The explanation, of course, is not that Canada consumes so much less printing per capita, but that so much of Canada's printing needs are supplied from the U. S. If 3 lbs. less paper per capita had been printed in the U. S., and the same quantity printed here, this would have meant an increase in the Canadian figure of roughly 30 lbs. per capita.

92. This suggests the likelihood that total printing for Canadian requirements, in Canada and the U.S., actually is greater per capita than U. S. printing for its



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1 domestic requirements. This is logical,
2 because we must produce or use printing
3 in French as well as English.

4 93. Nonetheless, we have never been able to
5 approach the Canadian market with the
6 advantage of having another market with
7 ten times the population to pay our
8 major production costs. Our bread and
9 milk are butter and cream for our U. S.
10 friends.

11 94. Nor did most of our Canadian publications
12 have available, without restriction, the
13 tremendous annual volume of liquor
14 advertising, which has done so much to
15 enrich the U. S. (and European) publishers.
16 Any modification in that regard for the
17 Canadian publishers may well come as too
18 little, too late.

19 * * *

20 95. The lack of public knowledge and under-
21 standing of the industry's position is
22 exemplified, innocently and sincerely,
23 by the principal of the Brockville
24 Collegiate Institute & Vocational School,
25 in a letter dated October 24, 1960,
26 addressed to this Association. He
27 was commenting upon a circular letter
28 from us to 400 school principals asking
29 that more thought be given to the importance
30



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of having school yearbooks printed in
Canada. He concluded:

"Frankly, I think that in this instance
Canadian firms had better demonstrate
their desire to serve the Year Book
Trade by impressing school representa-
tives that this trade is appreciated
and by submitting price quotations
that are realistic (not more than 10%
above American competition). " (Under-
score is ours).

96. The gentleman speaks of "realistic" price
quotations, not appreciating the realities,
and suggests these should be within 10%
of U. S. price quotations. With roughly
one-tenth the population, and less than
one-tenth the national income of the U.S.,
Canada might just as well abandon the domes-
tic market to our powerful neighbor - if
that sort of thinking is to prevail. The
Americans normally can offer a lower unit
price, for the simple reason that their
vast population makes mass specialization
in all kinds of printing profitable before
Canadian printers can - in the same lines -
cover their costs.

97. The profit margin of the printing industry
AFTER TAXES is in the 2% to 3% range.



1 The latest available study of profits,
2 comparing 50 representative Canadian firms
3 with a composite of 926 U. S. and Canadian
4 firms, is attached as Appendix "H". This
5 study was compiled by the Printing Industry
6 of America, Inc. You will observe that,
7 although net profits before taxes were
8 almost the same in Canada as in the U.S.-
9 Canadian composite (5.46% vs. 5.41%), average
10 net profit before taxes per employee was
11 only \$588 for the Canadian companies as
12 compared with \$757 for the composite.
13 Gross plant investment per factory employee
14 was \$1,505 higher in the Canadian firms.
15 Sales per employee (all employees) were
16 \$3,117 less than in the composite. These
17 are some of the stern realities.

18 * * *

- 19 98. On general commercial work, the Canadian
20 printer must charge and collect and remit
21 the 11% federal sales tax. Once 2%, this
22 tax applies to profit as well as cost.
23 What further increases are to come, only
24 the future can tell, but this tax of 11%
25 sharply curtails the purchasing power of
26 our customers and inhibits employment.
- 27 99. Provincial taxation compounds the evil.
28 In Quebec, for example, the provincial
29 sales tax of 6% applies to materials
30 used and already subjected to the same 6%



1 tax, thereby becoming a tax on itself.

2 In addition, the 6% Quebec tax applies to
3 the total price, including profit and 11%
4 federal tax. So, in Quebec, profit is
5 doubly taxed before income tax applies,
6 and the federal tax is taxed by the
7 province.

8 100. After this drastic reduction in the customers'
9 purchasing power, which so sharply increases
10 the price of commercial printing, we have
11 to listen to complaints that the same
12 work can be done much more cheaply
13 in the U. S., or Britain, or Holland, or
14 Japan. Thus, in discussing the effects
15 of the periodical situation, we ask this
16 Commission not to overlook or to under-
17 estimate the other burdens and handicaps
18 imposed upon the helpless Canadian printer.

19 101. Periodicals are especially important to
20 printers, among other reasons, by virtue
21 of these factors:

22 1 - Their recurring frequency permits
23 more advance scheduling of pur-
24 chasing and production;

25 2 - This helps to ensure steady employ-
26 ment in all departments engaged
27 in or affected by periodical pro-
28 duction work;

29 3 - It lowers the price for general commer-
30 cial work supplied to other customers;



1 4 - It justifies larger orders of paper
2 and ink (mostly Canadian-made),
3 thus earning for the printer any
4 greater quantity discounts that
5 may be offered;

6 5 - It enables the Canadian printer
7 to demonstrate his ability to
8 compete with foreign rivals in
9 quality of craftsmanship and ver-
10 satility of reproduction; and

11 6 - With profuse illustrations and artis-
12 tic layouts, it means substantial
13 additional employment of photographers,
14 artists, typographic designers, trade
15 typesetting houses, photoengravers,
16 offset platemakers, and salesmen of
17 printing and trade services.

18 102. What have kept most Canadian printers operating
19 - and even expanding - during recent years
20 have been (1) increased population,
21 (2) new uses for printing,
22 (3) technological progress.

23 These elements do not guarantee, far from it,
24 continued profitable operations. The profit
25 trend has been unhealthy. To retain their
26 competitive positions, printers must make
27 increasing investments in new machinery
28 and equipment. The current prime objective
29 of the Printing Industry of America, Inc.,
30



1 is to check downward pressures on profit.

2 In Canada, this industry has many more
3 reasons to be worried.

4 * * * *

5 103. There is total discouragement of new popular
6 publishing ventures by enterprising young
7 Canadians in their own country. We need
8 many more vehicles for the Canadian poet,
9 author, illustrator, typographic designer,
10 and editor which can be printed and published
11 in Canada - with bright hopes for success
12 and permanence. When foreign periodicals
13 enter duty-free, tax-free, and postage-
14 free, and have the resources to bombard
15 Canadian homes and offices with expensive
16 direct mail solicitations and other selling
17 approaches, where is the young Canadian
18 who can compete?

19 104. The very availability, also, at all Canadian
20 points of sale of imported reading material,
21 in such vast quantities, makes it extraordin-
22 arily difficult for a Canadian publication
23 to gain public notice - without an enormous
24 expenditure upon advertising and promotional
25 gimmicks.

26 105. Because of over-riding public interest
27 in this generation in current events, public
28 personalities, social problems, personal
29 health and neuroses, Canadian magazines -



1 under competitive pressures - found themselves
2 obliged or forced to subordinate fiction
3 content in favor of non-fiction. This
4 has accentuated the Canadian fiction writer's
5 dependence on foreign outlets. Yet the
6 Canadian free lance, grateful as he should
7 be for crumbs from foreign periodicals, needs
8 more Canadian publications to ensure him a
9 livelihood. His hopes certainly are bound
10 to be slender when many of the existing
11 periodicals have trouble paying their printing
12 bills.

13 106. It is not just a case of the Canadian writer
14 losing a home market, or of printers losing
15 printing production and employment, or of pub-
16 lishers losing profitable transactions and
17 properties. We lose typesetting, engraving,
18 and binding operations. We have lost in
19 the past generation thousands of printing
20 and allied craftsmen, as well as writers
21 and artists, who have emigrated to find oppor-
22 tunities that rightfully should exist here.
23 Canada is losing her natural growth potential
24 into the bargain.

25 107. At this very time, employment is slack in
26 many areas of the industry from coast to
27 coast. We would not have this condition -
28 and we could relieve it - if Government,
29 Parliament, and people upheld and cherished
30



1 the means offered by book and periodical publishing
2 to maintain our national heritage, identity, culture,
3 and economy.

4 108. The U.S. makes no concessions to the
5 Canadian industry worthy of mention, while sheltering
6 and cossetting those American publishers most eager to
7 exploit the Canadian market without restraint or tax
8 or tariff - and with a minimal contribution to our
9 economy.

10 109. We have remarked the unique case of the
11 Reader's Digest, the only popular U.S. magazine to
12 print in Canada, and employing several hundred
13 Canadians. MD of Canada, Canadian Sponsor, and Fuel
14 Oil News of Canada - with a combined circulation of
15 less than 31,000 - also print here. That is all we know
16 of. More should be persuaded to do likewise.

17 I am now informed that Time magazine is
18 going to print in Canada.

19 110. The Massey Report well and truly said,
20 "The Canadian periodical cannot in its
21 turn invade the American market; for
22 Americans, it seems, simply do not know
23 enough about Canada to appreciate Canadian
24 material." This brings us to the first
25 of several contentions often put forward
26 by the U.S. publishers, which are not
27 valid:

28 1 - The contention that Canadian protect-
29 ive measures would violate the
30 doctrine of "free flow of information".



1 To the best of our knowledge, it
2 has not been seriously suggested in
3 any responsible quarter that legiti-
4 mate U. S. periodicals, as printed
5 and published for U. S. consumption,
6 should be excluded from circulation
7 in Canada or penalized in any
8 unreasonable manner.

9 They do enter this country with
10 extraordinary economic advantages
11 over the Canadian periodical. Their
12 first two purposes are to acquire
13 circulation in order to sell adver-
14 tising on the strength of this cir-
15 culation, and to Americanize our
16 reading habits.

17 Since we prefer freedom of information,
18 and need to read U. S. publications
19 in order to understand our neighbors
20 (a need they do not feel in our case),
21 we admit them now as freely as does any
22 State of the Union.

23 However, if we are fair-minded and
24 if they are fair-minded, there ought
25 to be agreement that inequities and
26 injustices should either be removed
27 or counterbalanced. If there is no
28 such agreement, Canada must protect
29 her own national interests.
30



Moreover, on the score of "free flow of information", there is the other side of the coin, which has not been revealed to all of our American friends. Whether by neglect, indifference, shortage of space, or other reason, the U. S. publishing industry supplies scant information about Canada to U. S. readers. Its occasional gestures in our direction have been remarkable because these have been unusual. While much of the ignorance encountered among Americans about Canada and Canadian affairs may be blamed on their educational system and on other media than the print media, the deficiencies of U. S. publications with regard to Canada have been clearly evident to Canadians. American versions of Canadian affairs, when given to U. S. readers, have often been inaccurate, misleading and unfair in the judgment of Canadians. This was notable from 1939 to 1941 in numerous American magazines and newspapers, when this country was at war and theirs was not. Time Inc. withholds from its U. S. readers most of its news of Canada



(written as if for American consumption)
which appears in its U.S.-printed
Canadian edition. Why? Is it because
Time considers that Americans are not
sufficiently interested in Canada?
To have a free flow of information
within Canada and beyond Canada, pre-
sented with Canadian points of view,
Canada's vital interests require flour-
ishing Canadian periodicals, the more
the better. This kind of free flow
deserves the highest priority in our
own public policy.

2 - The contention that Canadian periodicals
are in a healthy financial position.

We know that many of them have extreme
difficulty paying their printing bills.

3 - The contention that Canadian periodicals
have only to improve in quality to
prosper.

There is no Canadian periodical pub-
lisher with resources sufficient to
carry on protracted direct competition
with leading U. S. publishers on terms
imposed by the latter, viz., costly
bulk mailings to subscribers and prospec-
tive subscribers with remarkable fre-
quency; extremely costly promotional
advertising at points-of-sale and in
all consumer media; costly presenta-



1 tions to national advertisers and
2 agencies; and employment at the
3 highest prices of the best avail-
4 able writers, editors, and illustra-
5 tors.

6 If a Canadian publisher could
7 compete in a limited way for a
8 limited time, what chance is there
9 for a newcomer to publishing ranks -
10 trying to establish a popular period-
11 ical? Nil.

12 111. Canada has long experience upon which to judge
13 the performance of the great majority of
14 U. S. periodical publishers operating here.
15 They deny us their printing of Canadian
16 market requirements, except for the publica-
17 tions already cited. They deny the Govern-
18 ment of Canada every possible cent of tax
19 revenue, and, in many cases, of postage
20 revenue. They deny further tax revenues
21 to provincial and municipal governments by
22 refusing to establish offices and plants
23 in Canada, with rare exceptions.

24 112. What is their capital investment in relation
25 to Canadian earnings? Except for the
26 Reader's Digest, we don't know; but we
27 think it is a fair question with respect
28 to the others. We hazard the sincere
29 belief that, with the others, it couldn't
30 be 5%, perhaps 1%. In other countries,



1 commercial operations such as these
2 would be described as wholesale exploit-
3 ation. Why deceive ourselves that they
4 do not fit this description? The great
5 purpose is maximum gain for the U. S.
6 at Canadian expense.

7 113. In a comparable situation, it would be
8 easy to imagine the direction of U. S.
9 public policy. In fact, the U. S. has
10 already forestalled any such development,
11 What of Canadian public policy?

12 114. Previous measures introduced by both
13 major political parties were denounced
14 by the other side, so that, between
15 them, they have left little room for
16 practical proposals which are politically
17 acceptable. We believe common-sense
18 measures would be acceptable. to the
19 Canadian people, if they were fully in-
20 formed. The fact they have not been
21 fully informed is partly due to biased
22 representations, and partly to the
23 inadequate public relations activity of
24 printers and publishers on their own
25 behalf. The national interest, however,
26 is profoundly involved. Leadership
27 and responsibility must come from the
28 Government of the day, and from all
29 responsible political parties. The
30



- 1 patient cannot live forever waiting upon
2 the doctor's arrival.
- 3 115. Let us raise this great problem above the
4 realm of partisan politics, and deal with
5 it in terms of the national interest.
6 Selfish interests all of us have; these
7 must take second and third places.
8 The opposing political parties should
9 bury their differences for Canada's sake.
- 10 116. The dilemma of the industry is not of
11 its own making, and has been tremendously
12 aggravated by the most aggressive kinds
13 of U. S. mass merchandising - employing
14 techniques developed to the uttermost in
15 that country - and pressed upon Canada
16 without the slightest regard for Canadian
17 wishes or long-term interests. Moreover,
18 the problem has been magnified by govern-
19 mental decisions on both sides of the
20 border during the past several decades.
- 21 117. Dilly-dallying or deferring until another
22 day will do no good, only greater damage.
23 Time is clearly on the side of the strongest
24 competitors. Canadian publishers and
25 printers have been left in the most
26 exposed situation under constant fire.
- 27 118. Shall we concede victory now to the greater
28 glory of U. S. materialism - or can we
29 summon up our loyalty, courage, and vision
30 to stand resolutely for the things of the



1 Canadian spirit and the Canadian way?
2 Somewhere we shall have to take a posi-
3 tion; somehow we shall have to erect
4 defences for the Canadian way; or we
5 shall be just one more satellite
6 country, just one more weakling among
7 the nations. Let us stand up for Canada.

8 * * *

- 9 119. To preserve national voices in the
10 broadcasting and telecasting media,
11 this country has made a great capital
12 investment in the Canadian Broadcasting
13 Corporation. It, incidentally, is a
14 competitor with the print media for
15 advertising revenues. However, the
16 CBC is a Crown corporation and a
17 national institution, dedicated
18 to the preservation and encouragement
19 of Canadian arts and letters, and to
20 the provision of news, information
21 and entertainment in a Canadian frame
22 of reference.
- 23 120. The Board of Broadcast Governors is charged
24 with ensuring the maintenance of a high
25 degree of Canadian content in radio and
26 television.
- 27 121. At great cost, Canada has built a micro-wave
28 network from coast, so that we shall have
29 our own nationwide telecasting facilities,
30



- 1 independent of the United States.
- 2 122. The objectives of these large public
3 investments and worthy efforts are
4 being subverted by increasing foreign
5 domination of the nation's reading habits.
6 Cultural assimilation by the U. S.
7 continues. Have we come to grips with
8 only one or two phases of the problem -
9 to be undone through our own blindness
10 and neglect in regard to other aspects
11 of it?
- 12 123. The Canada Council was created to encourage
13 specifically, among other things,
14 Canadian arts and letters, including the
15 graphic arts. To borrow the language
16 of a submission by this industry to the
17 Canada Council, the graphic arts and the
18 printed medium "touch the life of the
19 whole people".
- 20 124. We believe, whether through the instrumentality
21 of the Canada Council or some new agency, that
22 public policy should be formulated and
23 directed forthwith to the positive encourage-
24 ment of the Canadian-owned and Canadian-
25 produced print media, with special consider-
26 ation for those which circulate nationally.
27 The nationally read periodical conveys the
28 same material in the same words and in the
29 same way to all the people. It is, in
30 effect, another national voice.



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125. If we are prepared to spend enormous sums
to pipe gas through all-Canadian pipes,
surely we can preserve and develop our
own Canadian vehicles for public informa-
tion and enlightenment. This we cannot
do unless we are prepared to pay a price
for Canadian citizenship which most of
us have been ready enough to take for
granted. Poppies grow where brave men
paid the supreme price for being Canadian.
The rest of us can afford to carry the
lighter burden of cherishing and nourish-
ing our national institutions, and of
creating the maximum opportunity for all
of the talented and skilled young Canadians
whose hopes depend upon the Government,
Parliament, and people of your generation
and mine. Let us not fail them; let
us make their Canada a greater rather than
a lesser inheritance because we saw our
duty and did it.

Respectfully submitted,

GRAPHIC ARTS INDUSTRIES ASSOCIATION

David Maclellan

General Manager



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ANGUS. STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

APPENDIX "A"

GRAPHIC ARTS INDUSTRIES ASSOCIATION

Gala / aIG

ASSOCIATION DES INDUSTRIES GRAPHIQUES

Members as of August 31, 1960

LOCAL AND REGIONAL ASSOCIATIONS

L'Association des Maîtres-Imprimeurs de Montréal, Inc.
Calgary Graphic Arts Association
Central Atlantic Graphic Arts Association
East Central Ontario Graphic Arts Association
Employing Printers' Association of Montreal, Inc.
Graphic Arts Association of British Columbia
Graphic Arts Association of Victoria
Graphic Arts Industries Association, Edmonton Branch

Hamilton & District Graphic Arts Association
Le Syndicat Patronal de l'Imprimerie de Québec
Niagara Peninsula Graphic Arts Association
Saskatchewan Graphic Arts Association
South Western Ontario Graphic Arts Association
Toronto Graphic Arts Association
West Central Ontario Graphic Arts Association
Winnipeg Master Printers & Lithographers Association

ACTIVE MEMBERS

A B C Press, Edmonton.
The Acme-Buckle Press Ltd., Victoria.
Acme Printing Co., Calgary.
Les Compositeurs Acme Inc., Montreal.
L'Action Catholique, Quebec.
Action Sociale Ltée, Quebec City.
Adie Lincoln Printing Co. Ltd., St. Catharines.
Albertan Job Press, Calgary.
Albertan Publishing Co. Ltd., Calgary.
Alger Press Ltd., Oshawa.
Aljon Print-Craft Ltd., Kitchener.
Alliance Press Ltd., Montreal.
Aimey Press, Trenton, Ont.
Russell B. Amos Printing Co., Amherst, N.S.
Anderson Press, Guelph, Ont.
Anderson Printing Co. Ltd., Vancouver.
Angers & Frères Engr., Quebec, Que.
Apex Press Ltd., Montreal.
Arbour & Dupont Ltd., Montreal.
Arlington-Kerr Ltd., Montreal.
Arjay Printers, Oshawa.
Art Bookbinding & Loose Leaf Co., Montreal.
Artistic Press Reg'd., Montreal.
Artistic Stationery Co. Ltd., Toronto.
The Askett Printing Service, Orillia.
Ateliers des Souds-Muets, Montreal.
Atlas Book Bindery, Edmonton.
Atlas Press Ltd., Moncton.
Atlas Press Ltd., Montreal.
Atwell Fleming Printing Co. Ltd., Toronto.
Lucien Aube, Quebec, Que.
Audet Photogravure Inc., Quebec, Que.
Auty Printing, Port Credit.

B.C. Journal of Commerce, Vancouver.
The B. & H. Press, Stratford.
Baker & Son Ltd., Winnipeg.
Baker Printing Co., Peterborough.
The Bancroft Times, Bancroft, Ont.
Barclay Press, Victoria.
Barrett's Print Shop Ltd., Curling, Newfoundland.
Barwick & Son Ltd., Montreal.
Beaverlton Express, Beaverlton, Ont.
Librairie Beauchemin Ltée, Montreal.
Belgrave Press Ltd., Montreal.
Bermuda Press Ltd., Hamilton, Bermuda.
Bertie Printers, Stevensville, Ont.
Bettor Business Unlimited, Hamilton.
Bindon's Ltd., Vancouver.
Birch-Hinds Printing Co., Ltd., Montreal.
Bishop Printing Co., Winnipeg.
Blackhall & Co. Ltd., Toronto.
J. E. Blewett Printing Co., Lindsay, Ont.
Blue Crest Printers Ltd., Edmonton.
Boaston Printing Co., Calgary.
Bobcaygeon Independent, Bobcaygeon, Ont.
Border Press, Windsor.
Boulanger Inc., Montreal.
Yvon Boulanger Ltée, Montreal.
Emilien Boussinol Engr., Quebec, Que.
Bradburn Printers Ltd., Edmonton.
Brant Litho Ltd., Brantford.
British American Bank Note Co., Ottawa.
Broadway Printers Ltd., Vancouver.
Brock Webber Printing Co., Vancouver.
The Brown Bros. Ltd., Toronto.
Brown Press Ltd., Montreal.
B.H. & F.M. Brown Ltd., Toronto.
Bulletin Printers Ltd., Edmonton.
Bulman Bros. Ltd., Winnipeg.
Burd-Barrett Ltd., Toronto.
Burnand Printing Co. Ltd., Calgary.
Burroughs Printing Ltd., Vancouver.
Business Printers Ltd., Regina.
Business Systems Ltd., Toronto.
Calgary Photoengraving Co., Calgary.
Campbell & Smith Printing Co., Vancouver.
Canadian Bank Note Co. Ltd., Ottawa.
Canadian Publishers Ltd., Winnipeg.
Canadian Printing & Lithographing Co. Ltd., Montreal.
The Canadian Register, Kingston.
Canniff Printing Service, Calgary.
Cannington Gleaner, Cannington, Ont.
Cardinal Press Ltd., Toronto.
Central Press (1953) Ltd., Regina.
L. G. Chabot Inc., Quebec, Que.
Chapman & Warwick Ltd., Vancouver.
Charlars Publishing Co. Ltd., Brampton, Ont.
Chatham Gazette, Chatham, N.B.
Chromo Lithographing Co. Ltd., Toronto.
Churchill Press Ltd., Montreal.
Citizens Press Ltd., Port Colborne.
City Linotyping Co., Hamilton.
City Printing, Montreal.
Vernon Clarke Office Supply Co., Vancouver.
Clarke Lithographing Ltd., Toronto.

Clarke & Stuart Co. Ltd., Vancouver.
Cleland-Kent Western Ltd., Vancouver.
Clen-Mathers Press Ltd., Montreal.
Cloke & Son Ltd., Hamilton.
Coast Purchasers Ltd., Vancouver.
Coles Printing Co. Ltd., Edmonton.
Colonist Printers Ltd., Victoria.
R. R. Colpitts & Sons Ltd., Moncton.
Commercial Press, Peterborough.
Commercial Press Ltd., Chatham, N.B.
Commercial Print Craft, Woodstock, Ont.
Commercial Printers Ltd., Edmonton.
Commercial Printers Ltd., Calgary.
Commercial Printers Ltd., Regina.
Commercial Printers, Stratford.
Commercial Printing Co., Windsor.
Commonwealth Press Ltd., Calgary.
Community Publications, Edmonton.
Conn Creative Printers, Windsor.
Cooper & Beatty Ltd., Toronto.
Co-Op Press Ltd., Edmonton.
C. R. Corneil Ltd., Montreal.
Corona Printing Reg'd., Montreal.
Corporation des Editions Fides, Montreal.
Couchman Bookbinding, Toronto.
Wm. E. Coultis Co. Ltd., Toronto.
Craftsman Press, Vancouver.
Crites & Riddell Ltd., Montreal.
Robert D. Croft Ltd., Toronto.
Curtis Co. Ltd., Windsor.

Davis & Henderson Ltd., Don Mills, Ont.
Davis-Lisson Ltd., Hamilton.
Delhi News-Record, Delhi, Ont.
Roger Desautels Ltée, Montreal.
Desbarats Printing Co. Ltd., Montreal.
J. B. Deschamps Inc., Quebec, Que.
J. G. Descombes, Quebec, Que.
J. W. Deyell Printers Ltd., Lindsay, Ont.
Dickson Print Shop, Hamilton.
Ditto (Quebec) Ltd., Montreal.
Dominion Printing Co., Hamilton.
C. A. Dorion & Fils, Quebec, Que.
Eugène Doucet Ltée, Montreal.
Douglas Printing Co. Ltd., Edmonton.
Dryden Sinclair Ltd., Thorold.
Duflo Process Co. Ltd., Calgary.
Duha Printers Ltd., Winnipeg.
Robert Duncan & Co. Ltd., Hamilton.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

ACTIVE MEMBERS—continued

Echlin Press Ltd., Hamilton.
Economy Bookbindery Co., Calgary.
Edmonton Printers Ltd., Edmonton.
Elmira Signet, Elmira.
Richard Ellis Printing, Belleville, Ont.
The Elliot Lake Standard, Elliot Lake, Ont.
Empire Printers, Victoria.
Enveloppe Internationale Ltée, Montreal.
Fred F. Esler Ltd., Montreal.
Evergreen Press (Alberta) Ltd., Calgary.
Evergreen Press Ltd., Vancouver.
Excelstor Office Supplies & Printing Ltd., Montreal.
Exeter Times-Advocate, Exeter, Ont.
Expert Office Service Ltd., Edmonton.

Hector Faber Enrg., Quebec, Que.
Fairclough Printing Co., Hamilton.
The Fenelon Falls Gazette, Fenelon Falls, Ont.
Flaming Printing Ltd., Victoria.
Fletcher Printing Co. Ltd., Red Deer.
Foothill Printers Ltd., Calgary.
Forrester Press, Huntsville, Ont.
Fort Record, Fort Saskatchewan, Alta.
Foster & North Ltd., Kingston.
Louis Fréchette, Quebec, Que.
J. H. French & Co., Hamilton.
Frères des Ecoles Chrétiennes, Montreal.
D. W. Friesen & Son Ltd., Altona, Man.
Frontier Printing Co., Niagara Falls.
Fullerton Publishing Co. Ltd., Toronto.

W. J. Gage Ltd., Scarborough.
Imprimerie E. R. Gagné, Montreal.
C. Galarneau & Cie, Montreal.
Galt Printers Ltd., Galt.
Garden City Press Co-Operative, Toronto.
Garry Press Ltd., Winnipeg.
Gazette Printing Co. Ltd., Montreal.
The Gazette, Haney, B.C.
General Printers Ltd., Oshawa.
Gehrke Stationery & Printing Co., Vancouver.
Gilchrist-Wright Ltd., Toronto.
Conrad Gingras, Quebec, Que.
Glen Gray Printing Co., Hamilton.
Grand & Toy Ltd., Don Mills, Ont.
Grand Anse Printers, Grand Anse, N.B.
Grant-Mann Lithographers Ltd., Vancouver.
D. Gratton Ruling & Bookbinding Inc., Montreal.
Gray Stationery & Office Supplies, Vancouver.
Greenmore Printing Co., Quelp.
W. L. Griffin Ltd., Hamilton.
Griffin & Richmond Co., Hamilton.
Quelp Printing Service, Quelp.

Halton Press, Burlington.
Hamilton Ruling & Bindery Service Ltd., Hamilton.
The Hamly Press Ltd., Edmonton.
Haynes Printing Co., Cobourg, Ont.
A. Hazeldine Printing Co., Vancouver.
Hebden Printing Co. Ltd., Victoria.
Henderson Directories Ltd., Winnipeg.
Herald-Woodward Press Inc., Montreal.
Laurent Hervieux, Montreal.
Hignell Printing Ltd., Winnipeg.
Hi-Lite Printing Ltd., Calgary.
Hilroy Envelopes & Stationery Co. Ltd., Toronto.
Houston's Standard Publications Ltd., Toronto.
Howarth & Smith Monotype Ltd., Toronto.
Huddleston & Barney Ltd., Woodstock, Ont.
Hughes & Wilkins Ltd., Hamilton.
Humphries-Dichmont Printing, Calgary.
Hurley Printing Co. Ltd., Brantford.

Imprimerie Artistique Enrg., Montreal.
Imprimerie Atwater, Montreal.
Imprimerie R. Bayard, Montreal.
Imprimerie Jean Louis Bourret, Montreal.
Imprimerie Bourguignon Ltée, Quebec, Que.
Imprimerie Champlain, Montreal.
Imprimerie Commerciale Cie, Ltée, Quebec, Que.
Imprimerie Gérard Cusson, Montreal.
Imprimerie Du Messager, Montreal.

Imprimerie Drapeau, Quebec, Que.
Imprimerie Economique Enrg., Quebec, Que.
Imprimerie Excelsior, Quebec, Que.
Imprimerie Economique, Montreal.
Imprimerie Goulet, Montreal.
Imprimerie Grondin Enrg., Quebec, Que.
Imprimerie Hebdo Inc., Montreal.
Imprimerie Jacques-Cartier, Inc., Montreal.
Imprimerie Laflamme Ltée, Quebec, Que.
Imprimerie La Patrie, Montreal.
Imprimerie Provinciale Enrg., Quebec, Que.
Imprimerie Richelieu Ltée, Montreal.
Imprimerie Roland, Montreal.
Imprimerie Royale Enrg., Quebec, Que.
Imprimerie Royale Ltée, Montreal.
Imprimerie Stella Ltée, Montreal.
Imprimerie Sylvain Enrg., Montreal.
Imprimerie Saint-Joseph, Montreal.
Imprimerie Lucien Trempe, Montreal.
International Artcrafts Ltd., Stratford.
International Press, Hamilton.
International Railway Publishing Co. Ltd., Montreal.
Island Engravers Ltd., Victoria.

The Jackson Press, Kingston.
Jack's Print Shop, Pickering, Ont.
Jasper Printing Ltd., Edmonton.
Johnson Press, Niagara Falls.
Jonergin Co. Inc., Verdun, Que.
Journal Argus, St. Marys, Ont.

Gordon Kaumeyer Industries Ltd., Chippawa, Ont.
Kellaway Printing Ltd., Calgary.
R. Kerton, Printing, Ajax, Ont.
Ketchen Printing Co., Winnipeg.
The Keystone Press, Vancouver.
Kidner Printing Co., Hamilton.
A. F. King Press Ltd., Montreal.
Kingdon Printing Co., Winnipeg.
Kitchener Printing Service, Kitchener.
C. E. Knowles Printing Co., Galt.
Kro-Mar Printing Co., Winnipeg.
Kyle Printing Ltd., Calgary.

Lacasse Printing, Tecumseh, Ont.
Gérard Laliberté, Quebec, Que.
Lance Publishing Co., Winnipeg.
Laplante & Langevin Inc., Montreal.
La Survivance, Edmonton.
Alderic Latour, Montreal.
Georges Laverdure, Montreal.
Leduc Representative, Leduc, Alta.
F. H. Leslie Ltd., Niagara Falls.
Le Soleil Ltée, Quebec, Que.
L'Etoile Du Nord, Joliette, Que.
L'Imprimerie Acadienne Ltée, Moncton.
Lindsay Press Ltd., Niagara Falls.
Lithokraft Press Ltd., Calgary.
Litho Print Ltd., Toronto.
John Lovell & Son Ltd., Montreal.

R. H. MacAdam Ltd., Vancouver.
MacDonald Press Co. Ltd., Montreal.
N. A. MacEachern & Co. Ltd., Toronto.
Mack Printing Service, Orillia.
MacLachlan Printing Ltd., Toronto.
Maclean-Hunter Publishing Co. Ltd., Toronto.
Mail Order Printing Service, Victoria.
Margison Bros., Victoria.
Maritime Press Ltd., Moncton.
Maritime Publishing Co., Sussex.
Marshall & Donley, Calgary.
Martin Bookbinding Ltd., Toronto.
Matthews Press, Toronto.
Maynard & Tressider, Orillia.
McCorquodale & Blades Printers Ltd., Toronto.
McDonald Printing Co. Inc., Hamilton.
McGuire Press Ltd., Montreal.
McLean Bros. Ltd., Montreal.
Mercury Press Co., Montreal.
Metcalfe-Robinson Printing Service Ltd., Montreal.

Metropolitan Printing Co., Edmonton.
Miller Printing Ltd., Calgary.
Mills Printing & Stationery, Vancouver.
Mirror Press Ltd., Stratford.
Mission Press, Toronto.
Mitchell Press Ltd., Vancouver.
Modern Press, Saskatoon.
Modern Press, Windsor.
Modern Press Ltd., Edmonton.
Modern Printery, Hamilton.
Monat & Bleau, Montreal.
Moncton Publishing Co., Moncton.
Mono Composition, Quebec, Que.
Mono-Lino Typesetting Co. Ltd., Toronto.
T. J. Moore & Cie Ltée, Quebec, Que.
Moore Printery Ltd., Hamilton.
Moore Printing Co., Victoria.
Moore Printing Co. Ltd., Edmonton.
J. Ls. Morency Inc., Quebec, Que.
Morriss Printing Co. Ltd., Victoria.
Moss Press, Port Colborne.
Mount Royal Press Ltd., Montreal.
Mount Royal Typesetters Inc., Montreal.
Moyer Printing Co. Ltd., Brantford.
Munn Envelopes Ltd., Toronto.
Murphy Stationery Co. Ltd., Vancouver.
Murray Printing & Gravure Ltd., Weston, Ont.

The Napanee Beaver, Napanee, Ont.
National Publishers Ltd., Winnipeg.
Niagara Offset Ltd., Niagara Falls.
Niagara Press, Virgil, Ont.
Northern Light Ltd., Bathurst.
Northern Miner Press Ltd., Toronto.
Northern Stationery & Printing Co., Timmins.
Northey Printing Co. Ltd., Toronto.
North Hill News, Calgary.
North Shore Leader, Newcastle, N.B.
Northwest Printing & Litho, Calgary.

Ontario Intelligencer, Belleville, Ont.
The Orillia News Letter, Orillia.

Pakfold Continuous Forms Ltd., Niagara Falls.
Wm. F. Palmer Ltd., St. Lambert, Que.
Palmerston Observer, Palmerston, Ont.
Paper & Stationers, Regina.
Paul Paradis, Montreal.
Paradis-Vincent Ltée, Montreal.
Paramount Printers, Brantford.
Médéric Parent, Quebec, Que.
Paris Printing Co. Ltd., Paris, Ont.
Pearce Publishing Co., Simcoe, Ont.
Peck Printing Co., Montreal.
Peerless Printers, Edmonton.
Peerless Printers, Regina.
Peerless Printing Co., Hamilton.
A. Pelletier, Montreal.
Peterborough Printing Ltd., Peterborough.
W. R. Phillips & Co. Ltd., Toronto.
Photo Artistic Inc., Quebec, Que.
Photo Lithographie Inc., Quebec, Que.
Port Perry Star Co. Ltd., Port Perry, Ont.
Pioneer Press, Edmonton.
Planet Printing Co., Chatham.
Plow & Walters Ltd., Montreal.
Poirier-Bessette Co. Ltd., Montreal.
Popular Press, Victoria.
The Porcupine Advance, Timmins.
Powder's Prompt & Punctual Printery, Montreal.
Preston Progress Printing Co. Ltd., Preston, Ont.
Printcraft Ltd., Regina.
Progress Printing, Montreal.
Proverbs The Printer, Calgary.
Provost News, Provost, Alta.
The Public Press Ltd., Winnipeg.
Pyramid Printers, Toronto.

Quality Press Ltd., Victoria.
Quebec Newspapers Ltd., Quebec, Que.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

ACTIVE MEMBERS—continued

Rapid Press Ltd., Montreal.
Ratté & Frère, Quebec, Que.
Reeve Press Ltd., Kitchener.
Regent Press Ltd., Winnipeg.
Reliable Bookbinders, Toronto.
Reliable Printing Co. Ltd., Edmonton.
Reliable Typesetters, Calgary.
Renown Printing Co., Niagara Falls.
Review Co. of Fort Erie, Ltd., Fort Erie.
Review Printing Co. Ltd., Peterborough.
Rewbury Printing Co., Welland.
S. A. Riendeau, Montreal.
Robinson Press, Victoria.
Emile Robitaille, Quebec, Que.
Robson Printers Ltd., Montreal.
Rockel Job Printing Ltd., Welland.
Roger Press, Montreal.
Rolph-Clark-Stone-Bonallack Ltd., Montreal.
Ronalds-Federated Ltd., Montreal.
W. Gordon Ross Ltd., Montreal.
J. Emile Roy & Fils, Montreal.
Maison H. Roy, Montreal.
Royal Paper Box Co., Quebec, Que.
Rust Craft Ltd., Strathmore Press Division, Toronto.
The Ryerson Press, Toronto.

Saanich Peninsula & Gulf Islands Review, Sidney, B.C.
Salvation Army Printing & Publishing House, Toronto.
Sanderson Binding Ltd., Toronto.
Sanderson & Smith Press, Kitchener.
Saskatchewan Govt. Printing Co., Regina.
Saults & Pollard Ltd., Winnipeg.
Sauvé & ses Fils, Ltée, Montreal.
Schindler Press Inc., Montreal.
Scotia Ticket & Printing Ltd., Verdun, Que.
Semaine Commerciale, Quebec, Que.
Service Printing Co., Regina.
Shears Printing Ltd., Vancouver.
Simpson Press Ltd., Montreal.
F. G. Smith Printing Co., Hamilton.

Oswald Smith Printing Ltd., Vancouver.
The Southam Printing Co. Ltd., Montreal.
Spencer-Tucker Typesetters Ltd., Vancouver.
Springer Engraved Stationery Ltd., Vancouver.
Staebler & Baker Ltd., Gananogue, Ont.
Standard Embossing Co. Ltd., Toronto.
The Stayner Sun, Stayner, Ont.
Sterling Press, Hamilton.
Sterling Printers & Stationers Ltd., Edmonton.
Stevenson Printing Co. Ltd., Montreal.
St. Lawrence Paper Bag Co., Quebec, Que.
Stovel-Advocate Press Ltd., Winnipeg.
Strand Printing Service Ltd., Hamilton.
Stubley Printing, Orillia.
George Sully (1958) Inc., Montreal.
Summer Printing & Publishing Co. Ltd., Windsor.
Super Press Inc., Montreal.
Superior Engravers Ltd., Hamilton.
Superior Printery (Hamilton) Ltd., Hamilton.
Systems Equipment Ltd., Winnipeg.

Tavistock Gazette, Tavistock, Ont.
T. W. Taylor Co. Ltd., Winnipeg.
Temiskaming Printing Co., New Liskeard, Ont.
E. Thérien & Fils, Ltée, Montreal.
Thérion Frères Ltée, Montreal.
The T. & T Press, Hespeler, Ont.
Thompson Printing, Paris, Ont.
Thompson & Sons Ltd., Toronto.
Thorn Press, Toronto.
Tidman & Co., Toronto.
Tillsonburg News, Tillsonburg.
Times Job Print, Hamilton.
Times Press, Calgary.
Trade Engraving Co. Ltd., Vancouver.
Trans Canada Printing, Quebec, Que.
Tremblay & Dion Inc., Quebec, Que.
Ernest Tremblay Engr., Quebec, Que.
Tribune Press Ltd., Sackville, Ont.
Tribune Publishers Ltd., Campbellton, N.B.
Turner Press, Hamilton.
The Tweed News, Tweed, Ont.
Typographic Service Reg'd., Montreal.

Typographic Service Ltd., Toronto.
Typographie Metro, Montreal.
Typo-Press, Montreal.

The Unedea Printers Ltd., Vancouver.
Universal Engravers Ltd., Calgary.
Universal Printers Ltd., Winnipeg.
University Press, Windsor.
The Upton Co. Ltd., Montreal.

Vaillancourt & Frère, Montreal.
Vao Off-Set & Printing Co., Montreal.
The Vancouver Bindery Ltd., Vancouver.
Vancouver Stationers Ltd., Vancouver.
P. E. Veilleux, Quebec, Que.
Au Vestement du Livre, Inc., Loretteville, Que.
Victoria Press Ltd., Montreal.
Victoria Publishing Co. Ltd., Lindsay, Ont.
Villemore Press Ltd., Montreal.
Visirecord of Canada Ltd., Toronto.

Wallace Press Ltd., Montreal.
Walkerville Printing, Windsor.
Wallingford Press Ltd., Winnipeg.
Walsley & Magill, Oshawa.
Warwick Bros. & Rutter Ltd., Toronto.
Waterloo Printing Co., Waterloo.
Wayside Press, Vernon.
Welland Printing Co., Welland.
West End Press, Windsor.
Western Business Forms Ltd., Winnipeg.
Western Engraving Co., Vancouver.
Whitehorse Star, Whitehorse.
Wick Printing Ltd., Oshawa.
The Widmeyer Press, Leamington.
The John Wilkes Press Ltd., Oakville, Ont.
Williams & Mackie Ltd., Vancouver.
Willson Stationery Co., Winnipeg.
Willson Stationery Co. Ltd., Vancouver.
Windsor Print & Litho, Windsor.
Wylie Press Ltd., Toronto.

Zenith Printing Co. Ltd., Winnipeg.

ASSOCIATE MEMBERS OF AFFILIATED ASSOCIATIONS

Alliance Paper Mills Ltd., Toronto.
Robert Allworth Ltd., Toronto.
Ault & Wiborg Co. of Canada Ltd., Montreal.

Barber-Ellis of Canada Ltd., Toronto.
Buntin-Gillies & Co. Ltd., Hamilton.
Buntin Reid Paper Co. Ltd., Toronto.

Canada Paper "Wholesale" Ltd., Toronto.
Canadian Linotype Ltd., Toronto.
Clark Papers Ltd., Calgary.
The Coast Paper Co. Ltd., Vancouver.
The Columbia Paper Co. Ltd., Vancouver.
Columbia Printing Ink & Roller Ltd., Vancouver.
Consolidated Paper Sales Ltd., Montreal.

W. V. Dawson Ltd., Montreal.
Dymont Ltd., Montreal.

The E. B. Eddy Co., Hull, Que.

Federal Paper Co. Ltd., Montreal.
Fine Papers London Ltd., Hamilton.
Fine Papers Ltd., Toronto.

General Printing Ink Corp. of Canada Ltd., Toronto.

Globe Envelopes Ltd., Toronto.
Graphic Arts Western Ltd., Calgary.
Graphic Equipment Ltd., Toronto.

The Fred W. Halls Paper Co. Ltd., Toronto.
Harris-Seybold (Canada) Ltd., Toronto.
Havill Paper Co. Ltd., Montreal.
Howard Smith Paper Mills Ltd., Montreal.

Ingraham Offset Plate Ltd., Hamilton.
Ireland Manufacturing Co. Ltd., Hamilton.

Kruger Paper Co. Ltd., Montreal.

Lauzier Paper Ltd., Montreal.
T. B. Little Papers Ltd., Montreal.

MacMillan, Bloedel & Powell River Ltd., Vancouver.
Manton Bros. Ltd., Toronto.
McFarlane, Son & Hodgson Ltd., Montreal.
Meco Ltd., Montreal.
Mid West Paper Ltd., Calgary.
Monotype Co. of Canada Ltd., Toronto.

National Paper Goods Ltd., Hamilton.

Perma Flex Industries Ltd., Toronto.
Printing Equipment of Canada, Montreal.
Printing Review of Canada, Montreal.
Provincial Paper Ltd., Toronto.

Rapid Grip & Batten Ltd., Toronto.
J. S. Robertson Reg'd, Montreal.
Rolland Paper Co. Ltd., Montreal.

Schmidt Printing Inks of Canada Ltd., Toronto.
Sears Ltd., Toronto.
Sincclair & Valentine Co. of Canada Ltd., Toronto.
Sydney R. Stone Ltd., Toronto.

F. S. Tanzer Ltd., Toronto.
Toronto Type Foundry Co. Ltd., Toronto.

United Paper Mills Ltd., Toronto.

Whyte-Hooke Papers Ltd., Toronto.
The Wilson-Munroe Co. Ltd., Toronto.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

APPENDIX "B"

PARTIAL LIST OF PERIODICALS PRINTED BY US

N.B. - The following list of 236 publications normally classified as periodicals is an incomplete tally. All of these are printed by members of the Graphic Arts Industries Association. Many less well known publications of localized or regional character are also printed by our members.

Activist	Canadian Milling & Feeding
L'Action Catholique	Canadian Official Railway Guide
Agricultural Chemicals in Canada	Canadian Packaging
Air Force Bulletin	Canadian Paint & Varnish
Alberta Country Life	Canadian Personnel & Industrial Relations
Ami du Foire	Journal
Automotive Retailer	Canadian Pharmaceutical Journal
	Canadian Photographer
B. C. Hotelman	Canadian Pit & Quarry
B. C. Lumberman	Canadian Printer & Publisher
B. C. Medical Journal	Canadian Pulp & Paper Industry
B. C. Teacher Magazine	Canadian Purchasor
Batiment	Canadian Shipping & Marine Engineering News
Beaver Magazine	Canadian Stationer
Bright Leaf	Canadian Tobacco Grower
Building & Supply Dealer	Canadian Transportation
Le Bulletin	Canadian Variety Merchandising
Bus & Truck Transport	Canadian Veterinary Journal
Bush News	Canadian Welder
	Canadian Woodworker
Camera Equipment News	Cash Crop Farming
Canada Lumberman	Centralia Coronet
Canada Poultryman	Chatelaine
Canadian Advertising	Chatelaine - La Revue Moderne
Canadian Architect, The	Chitty's Law Journal
Canadian Automotive Trade	Civic Administration
Canadian Aviation	Clay Product News
Canadian Baker	Coal Review
Canadian Beverage Review	Construction World
Canadian Builder	Country Guide
Canadian Business	Credit Unionist
Canadian Cattlemen	Croatian Voice
Canadian Chemical Processing	
Canadian Chartered Accountant	Der Nordwesten
Canadian Cleaner & Launderer	Design Engineering
Canadian Consulting Engineer	Diesel Power & Equipment
Canadian Dairy & Ice Cream Journal	Dogs in Canada
Canadian Electronics Engineering	Driver Report
Canadian Farm Implements	Drug Merchandising
Canadian Farmer	
Canadian Geographical Journal	Electrical Contracting & Maintenance
Canadian Grocer	in Canada
Canadian Hairdresser	Electrical Contractor & Maintenance
Canadian Home Economics Journal	Supervisor
Canadian Home & School	Electrical Digest
Canadian Homes	Electrical Equipment News
Canadian Hotel Review & Restaurant	Electrical News & Engineering
Canadian Industrial Photography	Elizabethan, The
Canadian Jeweller	Engineering & Contract Record
Canadian Journal of Medical Technology	Engineering Journal
Canadian Journal of Surgery	Executive
Canadian Machinery & Metalworking	
Canadian Medical Assn. Journal	
Canadian Mennonite	
Canadian Metalworking	

(Cont.)



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

APPENDIX "B"
Page 2

Financial Post
Food in Canada
Fountains in Canada
Fur in Canada
Furniture & Furnishings

Garage & Service Station News
Genie-Construction
Good Farming Quarterly
Grain Journal

Harbour & Shipping
Hardware & Housewares
Hardware & Merchandising
Headlight
Health
Heating & Plumbing Engineer
Heavy Construction News
Highway News
Home Goods Retailing
Hospital Administration & Construction
Hotels & Restaurants in Western Canada

Industrial Canada
Industrial Digest
Industrial Sales/Promotion
I.C.A.O. Bulletin
(English, French, Spanish editions)
Investors Digest

Journal of Canadian Physiotherapy Assn.
Journal of Commerce Weekly

Keeping Track (Au Fil du Rail)

L'Assomption
La Bonne Nouvelle
La Patrie
La Revue Municipale
La Revue Populaire
La Revue Scolaire
Laundry & Dry Cleaning Journal
Leather World
Le Bulletin des Agriculteurs
L'Educateur
L'Epicier
Le Fermier Acadien
Le Maître Imprimeur
Le Mess. Pastoral
Le Pharmacien
Le Quincaillier
Le Samedi
Legionary
Liberty
Log, The
Lumberworker, The

MacLean Building Guide
Maclean's Magazine
Manitoba School Trustee
Marine Trades
Manitoba Teacher
Maritime Co-operator
Maritime Farmer
Maritime Merchant

Maritime Truck Transport Review
Maritime Veteran
Marketing
Materials Handling in Canada
M. D. of Canada
Men's Wear of Canada
Miler
Modern Power & Engineering
Modern Purchasing
Montreal Zeitung
Montrealer
Motor in Canada
Motor Carrier
Municipal World

National Builder
National Concrete Products News
National Merchandiser
New Freeman
Northern Miner

O. A. C. Review
Office Administration
Office Equipment & Methods
Oil in Canada
Ontario Medical Review
Ontario Messenger

Packaging Process
Petro Process Engineering
Photo Fun
Photo Trade
Plant Administration
Plant Management
Prairie Grocer & Provisioner
Prairie Lumberman
Precambrian Mining in Canada
Presbyterian Record
Printing Review of Canada
Product Design & Engineering
Progressive Plastics
Professional Engineer
Public Works in Canada
Purchasing in Western Canada

Reader's Digest
Revue-Moteur
Royal York, The

Sanitarian
Saskatchewan Municipal Record
Saturday Night
School Progress
Sélection du Reader's Digest
Service Station Management & Merchandising
Shipping Guide
Shoe & Leather Journal
Shorthorn News
Specification Associate
Sporting Goods Merchandiser
Storage & Distribution
Style
Supermarket Methods

(cont.)



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APPENDIX "B"
Page 3

Touchdown Magazine
Toys & Playthings
Trade Builder
Trade & Commerce in Western Canada
Transport Commercial
Truck Transportation
Union Farmer
United Church Observer
United Churchman

Western Business & Industry
Western Canada Coal Review
Western Construction & Building
Western Grocer & Food Store Manager
Western Druggist
Western Homes & Living
Western Manufacturing & Industrial
Development.
Western Motor Fleet
Western Municipal News
Western Fisheries
Western Producer
Western Retailer
Wild Life Crusader

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TORONTO, ONTARIO

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APPENDIX "C"

CANADA 1959 - PRINTED IMPORTS

<u>DESCRIPTION</u>	<u>FROM ALL COUNTRIES</u>	<u>FROM U. S.</u>
	\$	\$
MUSIC	295,612	269,473
NEWSPAPERS OR COMIC SECTIONS	1,126,671	1,126,671
MAGAZINES, NEWSPAPERS, UNBOUND, n.o.p.	28,206,995	27,276,518
PHOTOGRAPHS FOR NEWS ILLUSTRATIONS	10,779	8,527
PHOTOGRAPHS, CHROMOS, Etc.	2,960,048	2,675,908
PHOTOGRAPHS FOR REPRODUCTION	138,960	137,856
TRANSFERS, DECALCOMANIA	282,148	265,485
ADVERTISING PRINTED MATTER	9,047,107	7,958,509
BANKS, BONDS, CHEQUES, etc, and OTHER PRINTED MATTER	4,095,844	3,814,110
PLAYING CARDS	89,699	59,979
HAND MADE DRAWINGS OR DESIGNS	61,762	53,611
LABELS, TAGS & TICKETS	1,589,981	1,492,632
PICTORIAL POST CARDS, GREETING CARDS, Etc.	1,844,373	1,745,854
BIBLES & PRAYER BOOKS - HYMN BOOKS	4,034,038	2,914,371
BOOKS OVER 12 YEARS OLD	13,946	11,986
TEXT BOOKS - EDUCATIONAL	9,460,299	9,069,731
BOOKS - NOVELS, FICTION	158,421	116,316
BOOKS - SCIENCE FOR LIBRARIES	9,044,709	8,504,346
BOOKS, GOVERNMENT, ASSOCIATIONS	522,672	349,803
FREIGHT RATES FOR RAILWAYS	98,700	91,723
BOOKS, PRINTED, PERIODICALS & PAMPHLETS	12,221,949	9,918,648
BOOKS, PERIODICALS & PAMPHLETS, EXCEPT ENGLISH LANGUAGE	3,995,805	528,206
BLANK BOOKS, RULED OR PLAIN	63,902	46,083
ADMIRALTY CHARTS, MANUSCRIPTS	95,210	82,650
BLUE PRINTS n.p.p. and HYDRO PLANS	6,879,866	6,830,188
	<hr/>	<hr/>
	\$ <u>96,345,496</u>	\$ <u>87,371,013</u>

Source: D.B.S.



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APPENDIX "D"

1959 - EXPORTS & IMPORTS OF PRINTED MATTER

	EXPORTS TO ALL COUNTRIES	PER CAPITA	IMPORTS	PER CAPITA
	\$	\$	\$	\$
CANADA	5,014,042	0.28	96,345,496	5.52
U.S.A.	117,696,680	0.66	40,285,424	0.22
U.K. (1958)	72,744,718	1.46	19,060,318	0.36
FRANCE	41,708,386	0.93	30,269,128	0.67
MEXICO	2,028,896	0.05	7,522,354	0.21

	EXPORTS TO U.S.A.	PER CAPITA	IMPORTS FROM U.S.A.	PER CAPITA
	\$	\$	\$	\$
CANADA	3,913,690	0.02	87,371,013	5.09

Sources: D B.S.; U.S. Dept. of Commerce; U.K. Trade Commission;
Consulates General of France, Mexico.



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APPENDIX "E"

1959 - CANADA'S PRINTED EXPORTS

<u>DESCRIPTION</u>	<u>TO ALL COUNTRIES</u>	<u>TO U.S.</u>
	\$	\$
BLANK BOOKS	122,797	2,264
BOOKS, BOUND OR UNBOUND	704,902	439,240
PHOTOGRAPHS	63,941	27,070
NEWSPAPERS & MAGAZINES	1,447,463	1,428,396
PRINTED MATTER	2,674,939	2,016,720
	<u>\$ 5,014,042</u>	<u>\$ 3,913,690</u>

Source: D B.S.



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APPENDIX "F"

MONTREAL GAZETTE
Japanese Printers
May 24, 1960
Push Export Sales

Tokyo. — (Reuters) — With printing techniques and machinery developed to an international level and printing costs almost half those in the United States, Japan has increased its exports of calendars, posters, wrappings and other printed matter.

A further increase in production and exports is expected in the next few years, following recent measures liberalizing imports and the development of printing on non-paper materials. More imports of foreign printing machinery and materials for the phototype process are expected.

Scientific and engineering books from Britain, West Germany, France and the United States are reprinted in Japan for distribution to southeast Asian countries to save transport costs.

The Japanese, who claim to have the world's oldest — 764 years — printed material but who adopted western printing techniques only towards the end of the last century, rapidly developed their printing industry after the Second World War.

Sales of Japanese printed goods increased six times in nine years. In 1959, sales to-

talled 140 billion yen (about \$50 million), compared with 28 billion yen (\$8,500,000) in 1950.

The post-war development was due mainly to an increasing demand for books and magazines. The number of books published in 1958 totalled 24,983 volumes, compared with 13,009 in 1950. The number of weeklies grew to 48, with a total circulation of 11,000,000.

Three different printing processes—letterpress, offset, and gravure—are integrated in the production of each weekly. The cover is printed in multi-color offset. The gravure section of a few pages is inserted in the central part of the news body.



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THE JOURNAL OF COMMERCE
(International Edition)
September, 1960

Printing Industry Seeks Protection

WASHINGTON. — Representatives of the U.S. printing and publishing industries called on the Government to move on a broad front to protect their \$123-million-a-year export business.

Besides urging a series of steps to reduce multifarious foreign controls on imports of U.S. printed matter, business spokesmen urged a Government-industry effort to lower international postal rates and other transport costs.

The industry meeting with Commerce Department officials, the 25th such get-together since the department began surveying export prospects of various segments of U.S. industry, touched on the foreign problems encountered by U.S. manufacturers of books, magazines, newspapers, and other items such as playing cards and calendars.

Tariffs A Problem

The book publishers, who account for \$60 million of the industry's \$125 million export total in 1959, cited a number of difficulties met abroad such as foreign exchange problems, tariffs, licensing and import quotas.

Representatives of other elements of the industry, joining with book publishers, urged the Government to use whatever resources it can to force other countries to stop their discrimination against U.S. published materials.

Specific situations cited were West Germany's special tax on published and recorded matter, Turkey's stiff tax on educational recordings, and the use by 20 countries of "prohibitive" tariff

rules on items like calendars and other agencies, plus representatives of publications be set up to review the international postal rate structure, what changes in it are desirable, and what new legislation may be required.

Postal Rates Hit

Business newspaper and magazine publishing representatives emphasized their great need was for "a more favorable postal rate structure" to help build overseas circulations.

They recommended that a committee composed of representatives of the Department of State, Commerce, the Post Office and

The publication representatives pointed out that not only will more favorable rates help their overseas circulation, but would further serve to whet foreign interest in the products of their advertisers.



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PRINTING MAGAZINE (U.S.), MAY, 1960

Lithographers & Printers National Assn., at 55th annual convention, elects Zabel president, analyzes probable 10-year pattern of growth and change, reports that

Offset Profits, Sales Show an Upward Trend

Confidence in the future of the Graphic Arts industry and the ability of the Lithographers & Printers National Assn. to provide leadership and direction in scaling new heights in the 1960's was the dominating theme of the association's 55th annual convention, April 25-27 at the Boca Raton Hotel, Boca Raton, Fla.

President L. E. Oswald, E. F. Schmidt Co., Milwaukee, Wis., reporting on the progress and accomplishments of LPNA during the past year, cited its growth and industry leadership "as conclusive proof that the association is moving in the right direction." He reported a change in the tide of the industry's declining profits, which reached a low point of 2.6% on sales after taxes in 1958.

Profits Up 33%

"The composite of the industry shows a profit increase of 33% in 1959. We are on the road back but our profit margin is still 40% below the average of industry in general."

Projecting the pattern of change and growth that will occur in the next 10 years, Mr. Oswald stated it was important for plant management to recognize the factors influencing these changes and "as good managers, conduct our operations accordingly." Five of the factors mentioned were as follows:

1. INCREASE IN MERGERS—

"Such business re-organizations have been occurring at a very rapid rate in other industries. We are to a great extent an industry of comparatively small individually- or family-owned companies. The problems of survival in such organizations are increasingly difficult. Our companies have done little to attract top flight non-owner managers. With inheritance taxes weakening the capital structure of the company, the result can be either a slow deterioration or merger with another organization."

2. PRODUCT DIVERSIFICATION

"We are now seeing printing and lithography more and more becoming a process to be used in conjunction with other processes in the manufac-

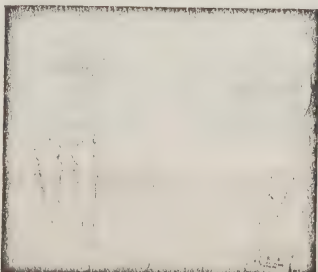
ture of an end product. Witness the adoption of lithography in the folding carton field. The finished product is a folding carton and the user of the lithographic process is a highly specialized operator. The era of the general lithographer is ending. The industry in the future will be composed of plants which are highly specialized in their end products."

3. TECHNOLOGY—"The past 25 years have seen greater growth in process improvement than in any prior century. Our investments in research are just beginning to pay off. We are on the threshold of many major changes in processes. Web offset, which we are watching closely, is not a new division of the lithographic industry. It is a development from sheetfed, and will supplant sheetfed equipment on much of our present production."

4. FOREIGN COMPETITION—

"The importation of lithography and printing will not be limited to a few items coming from Cuba or art prints from France and Germany. It is now possible to have offset originals and letterpress plates made in European countries within time limitations to meet our production schedule. Whole editions of books have been copied and shipped into this country, underselling the domestic product. LPNA is regularly watching the import quotas on lithographic and printed products."

WILLIAM E. ZABEL, JR. (left) new president, LPNA, and L. E. Oswald, E. F. Schmidt Co., Milwaukee, retiring president and new chairman of board of directors.



5. WELFARE STATISM—"We have witnessed in the last decade or so the broadening of federal participation and encroachment on our business activities. We have seen the growth of political forces in organized labor. Our participation in the activities of political parties has declined since the early 30's. Regardless of our political affiliation we have an obligation in our local areas to participate and to encourage our associates to be active in politics."

Mr. Oswald said he had not tried to anticipate all the trends of the future, but had picked the important ones. "The effect they have on all of us as an industry will depend upon how we individually assume our responsibilities. We are not going into an evolutionary period but a revolutionary one and whether these revolutionary changes are for better or worse will depend on us."

A report on the accelerated growth of the Graphic Arts industry was presented by Cyril M. Wildes, head of the Printing, Publishing and Allied Div., Bureau of the Census, Department of Commerce (See Story on P. 78).

Sales Show Increase

Oscar Whitehouse, executive director of LPNA, reporting on the results of an industry survey, said that 95% of the reporting companies indicated that sales increased in 1959 over 1958. The increase in dollar volume for 1959 was 9 1/4 % over 1958. Using the figures of Mr. Wildes, he said the Graphic Arts industry may have exceeded \$4 1/2 billion in 1959—quite a substantial increase over a one-year period.

"Fortunately for the industry," Mr. Whitehouse noted, "the rate of profit increase was greater than the rate of increase in sales. The survey for 1958 profits indicated a level of 2.5% on sales or, rounded off, 2.6% net profit after taxes on sales. This year's profits are better but yet not good enough for our industry to be proud of or for us to brag about."

"The preliminary returns of our questionnaire indicate that for 1959 the industry earned on a weighted average basis a net profit after taxes of 3 1/2 % on sales. This was an increase in the level of profits of approximately 34%, compared to 1958, as opposed to a sales increase of 9 1/4 %."

He then considered the industry's return on net assets or, as more commonly termed, "net worth." "Last year the industry earned slightly less than 6% after taxes on its net assets. This year the industry earned approximately 7.7% after taxes on its net assets. While this represents an increase of 1.7% in the actual level of net profits



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U.S. DEPARTMENT OF COMMERCE
BUSINESS AND DEFENSE SERVICES ADMINISTRATION
WASHINGTON 25, D.C.

June 14, 1960

Gentlemen:

Formal notice has been issued of the intention of the United States Government to participate in multilateral tariff negotiations within the framework of the General Agreement on Tariffs and Trade (GATT). Negotiations are scheduled to begin in Geneva, Switzerland, in September of this year.

A list of the products on which the United States is considering granting tariff concessions has been issued and may be purchased from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., for 40 cents (Department of State publication 6986). In addition to various printed products, the list includes many items of paper and paperboard, copper engravers' plates, printing machinery (except presses), nickel sheets and plates, and printers' type (new).

Interested persons may present their views as to whether concessions should be made on any of the listed products to the Committee for Reciprocity Information, Tariff Commission Building, Washington 25, D. C. Applications for oral presentation of views must be made



1 not later than June 27, which is also the
2 closing date for the presentation of written
3 statements to the Committee. Public hearings
4 will open July 11.

5 Enclosed is a statistical summary of
6 imports for the years 1957-1959 of products
7 of the printing and publishing industries
8 on which the United States is considering
9 making tariff concessions. Applicable rates
10 of duty are shown for each item.

11 Also available from the Superintendent
12 of Documents (Department of State Publication
13 6987, price 30 cents) is a list of products
14 on which the United States may seek tariff
15 concessions from other countries participating
16 in the negotiations. Included in the list
17 are dictionaries and encyclopedias; catalogs,
18 pamphlets, and booklets; geographic maps
19 and charts, including atlases; newspapers;
20 advertising matter; playing cards and
21 playing card sheets; banknotes, bonds, checks,
22 pictures, and tickets. The Committee for
23 Reciprocity Information will also receive
24 industry views on products on this list.
25 Closing date for applications to appear and
26 for submission of written statements is June
27 27. Public hearings will open July 11.



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If this Division can be of further
assistance, please let us know.

Sincerely yours,

Enclosures

Horace Hart, Director
Printing and Publishing
Industries Division



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TARIFF PARAGRAPHS RELATING TO THE PRINTING INDUSTRY

TARIFF
PARAGRAPH

COMMODITY
DESCRIPTION

- 341 Stereotype plates, electrotpe plates, halftone plates, photo-engraved plates, photogravure plates, and plates of other materials than steel, engraved or otherwise prepared for printing; and lithographic plates of stone or other material, engraved, drawn, or prepared.
- 1405 Printed matter (other than lithographic) composed of surface-coated and other papers (dutiable under par. 1405), not specifically provided for.
- 1406 Labels and flaps, not specially provided for, printed in less than 8 colors, not in metal leaf, neither embossed nor die-cut, lithographically printed.
- Decalcomanias in ceramic colors, weighing per 1000 sheets on the basis of 20 x 20 inches:
- Not over 100 lbs.
Over 100 lbs.
- Pictures, calendars, cards, placards, and other lithographic prints:
- Not exceeding 12/1000" in thickness:
- Post cards
Other
- Exceeding 12/1000", not exceeding 20/1000" in thickness, less than 35 sq. inches, neither die-cut nor embossed:
- Post cards
Other
- Exceeding 12/1000", not exceeding 20/1000" in thickness, less than 35 square inches, either die-cut or embossed.
- Exceeding 12/1000", not exceeding 20/1000" in thickness, less than 35 square inches, both die-cut and embossed.
- Exceeding 12/1000", not exceeding 20/1000" in thickness, 35 square inches and over:
- Neither die-cut nor embossed
Either die-cut or embossed
- 1409 Hanging paper, printed, lithographed, dyed, or colored (wallpaper)
- 1410 Book bindings, wholly or in part of leather, not specifically provided for.
- Book covers, wholly or in part of leather, not specifically provided for.
- Maps, charts, blank books, slate books, and engravings.

--more



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TARIFF
PARAGRAPH

COMMODITY
DESCRIPTION

- 1410 (continued) Photographs (includes color process film separations and color prints produced by four-color letterpress or gravure printing process), etchings, and drawings.
- Diaries, notebooks, and address books.
- Prayer books, foreign authorship.
- Bound books of all kinds, not elsewhere specified, not bound wholly or in part of leather, not specifically provided for, foreign authorship.
- Other books, unbound (includes sheets or printed pages of leather-bound books), foreign authorship.
- Pamphlets, not specifically provided for, foreign authorship.
- Music in books and sheets, foreign authorship.
- Tourist literature, foreign authorship.
- Printed matter, not specifically provided for, foreign authorship.
- Prayer books, not of foreign authorship.
- Other books, not specifically provided for, not of foreign authorship.
- Pamphlets, not specifically provided for, not of foreign authorship.
- Tourist literature, not of foreign authorship.
- Printed matter, not specifically provided for, not of foreign authorship.
- Booklets, printed lithographically or otherwise.
- Books of paper or other material for children's use, not exceeding 24 oz. each.
- Greeting cards, valentines, tally cards, place cards, and all other social and gift cards, including folders, booklets, and cutouts:
- With greeting, title, or other wording.
- Without greeting, title, or other wording.
- Views of any building or locality in the United States (except show cards), by whatever process printed, 35 square inches or less (include post cards), not thinner than 8/1000".
- Post cards (except American views), plain, decorated, embossed, or printed, except by lithographic process.
- 1411 Photograph, autograph, scrap, post-card, and postage-stamp albums, and albums for phonograph records, wholly or partly manufactured.
- 1412 Playing cards.



ANGUS, STONEHOUSE & CO. LTD.
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IMPORTS OF PRODUCTS OF PRINTING AND PUBLISHING INDUSTRIES INCLUDED

IN LIST FOR POSSIBLE U. S. TARIFF CONCESSIONS

NOTE: The classifications listed do not include books in languages other than English; bibles and testaments; books, photographs, engravings, etchings, maps, music, lithographic prints, and charts printed more than 20 years, all of which are now duty free. Importations of books, engravings, photographs, etchings, maps, and charts for use of the United States or the Library of Congress, as well as importations for educational or religious purposes, are also duty free and are not included in the value of imports shown for any of the statistical classifications in the following list.

The rate of duty shown is that existing on July 1, 1958. The applicable concession authorized by the most recent extension of the Trade Agreements Act (P. L. 686, 85th Congress) is a reduction from this rate not exceeding 20 percent or 2 percentage points ad valorem (or the ad valorem equivalent in the case of a specific rate or a combination of ad valorem and specific rates).

The countries shown as principal suppliers in 1959 accounted for 75 percent or more of total imports in each of the listed classifications.

Abbreviations: N.s.p.i. - not specifically provided for.
N.e.s. - not elsewhere specified.



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Commodity description	Commodity statistical number	Value of imports		Rate of duty	Principal suppliers (by rank) in 1959
		1957	1958		
<u>Tariff paragraph 341</u> Stereotype plates, electrotype plates, halftone plates, photo-engraved plates, photogravure plates, and plates of other materials than steel, engraved or otherwise prepared for printing; and lithographic plates of stone or other material, engraved, drawn, or prepared.	9850 610	\$351,076	\$437,067	10.5%	Canada, Austria, U.K.
<u>Tariff paragraph 1405</u> Printed matter (other than lithographic) composed of surface-coated and other papers (dutiable under par. 1405), n.s.p.f.	9510 040	114,761	60,779	2.5¢ lb. plus 10%	U.K., Canada, Austria, Switzerland
<u>Tariff paragraph 1406</u> Labels and flaps, not specially provided for, printed in less than 8 colors, not in metal leaf, neither embossed nor die-cut, lithographically printed.	9521 100	91,621	98,353	21¢ lb. Cuba 15¢ lb.	Cuba, Sweden, West Germany, U.K.
Decalcomanias in ceramic colors, weighing per 1000 sheets on the basis of 20 x 20 inches: Not over 100 lbs.	9522 000	27,260	14,815	75¢ lb. plus 10%	West Germany, Netherlands, Canada
Over 100 lbs.	9522 100	142,645	157,354	18¢ lb. plus 10%	West Germany, Netherlands, U.K.



ANGUS. STONEHOUSE & CO. LTD.
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Commodity description	Commodity statistical number	Value of imports		Rate of duty	Principal suppliers (by rank) in 1959
		1957	1958		
<u>Tariff paragraph 1406 (con.)</u>					
Pictures, calendars, cards, placards, and other lithographic prints:					
Not exceeding 12/1000" in thickness:					
Post cards	9530 800	\$ 98,601	\$ 36,536	15¢ lb.	Italy, Netherlands, U.K., France, <u>Canada</u>
Other	9530 805	831,380	1,078,654	15¢ lb.	Italy, Netherlands, <u>Canada</u> , France, U.K.
Exceeding 12/1000", not exceeding 20/1000" in thickness, less than 35 sq. inches, neither die-cut nor embossed:					
Post cards	9530 810	25,533	21,819	15¢ lb.	<u>Canada</u> , U.S., Italy, <u>Mexico</u>
Other	9530 815	132,131	131,984	15¢ lb.	Italy, W. Germany, Switzerland, <u>Canada</u> , France
Exceeding 12/1000", not exceeding 20/1000" in thickness, less than 35 square inches, either die-cut or embossed.	9530 820	10,284	5,225	15.75¢ lb.	Italy, <u>Canada</u> , Netherlands
Exceeding 12/1000", not exceeding 20/1000" in thickness, less than 35 square inches, both die-cut and embossed.	9530 830	805	989	16.5¢ lb.	Italy
Exceeding 12/1000", not exceeding 20/1000" in thickness, 35 square inches and over:					
Neither die-cut nor embossed	9530 840	89,244	23,648	12¢ lb.	West Germany, Austria, <u>Canada</u>
Either die-cut or embossed	9530 850	43,697	145,137	12.75¢ lb.	West Germany, <u>Canada</u> , Denmark, Belgium



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Commodity descriptions	Commodity statistical number	Value of imports		Rate of duty	Principal suppliers (by rank) in 1959
		1957	1958		
<u>Tariff paragraph 1410 (con.)</u>					
Paraplets, n.s.p.f., foreign author-ship	9510 430	\$117,371	\$116,382	5%	West Germany, U.K., Sweden, Denmark, Italy
Music in books and sheets, foreign authorship	9510 440	228,312	160,984	5%	U.K., Italy, France
Tourist literature, foreign author-ship	9510 470	320,677	317,767	3-75%	U.K., Canada, France, Switzerland
Printed matter, n.s.p.f., foreign authorship	9510 490	1,405,949	1,778,646	5%	West Germany, U.K., Canada, France, Italy
Prayer books, not of foreign authorship	9510 509	148,966	239,647	6%	Belgium, Italy
Other books, n.s.p.f., not of foreign authorship	9510 520	977,020	1,089,059	9%	U.K., Japan, Netherlands, Switzerland, West Germany
Pamphlets, n.s.p.f., not of foreign authorship	9510 530	14,175	34,169	10%	Italy, Mexico, Canada, West Germany
Tourist literature, not of foreign authorship	9510 570	125,232	107,307	6-25%	U.K., Italy, Netherlands, Austria
Printed matter, n.s.p.f., not of foreign authorship	9510 590	311,081	341,880	10%	Canada, Switzerland, West Germany, U.K., Japan
Booklets, printed lithographically or otherwise	9530 010	51,636	62,051	7¢ lb.	West Germany, France, Canada, U.K., Italy
Books of paper or other material for children's use, not exceeding 24 oz.	9530 100	141,252	241,294	7-5%	Japan, U.K., Finland



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TORONTO, ONTARIO

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Commodity description	Commodity statistical number	Value of imports		Rate of duty	Principal suppliers (by rank) in 1959
		1957	1958 1959		
<u>Tariff paragraph 1410 (con.)</u>					
Greeting cards, valentines, tally cards, place cards, and all other social and gift cards, including folders, booklets, and cutouts:					
With greeting, title, or other wording	9530 340	\$345,696	\$453,572 \$746,824	19%	West Germany, Italy, Denmark, Israel
Without greeting, title, or other wording	9530 350	113,514	122,552	12.5%	U.K., West Germany, Japan
Views of any building or locality in the United States (except show cards), by whatever process printed, 35 sq. in. or less (include post cards), not thinner than 8/1000".	9530 520	2,508	3,197 5,147	15¢ lb. plus 25%	West Germany, Japan, Switzerland
Post cards (except American views), plain, decorated, embossed, or printed, except by lithographic process.	9530 600	74,970	28,442 43,278	15%	West Germany, Italy, Japan
<u>Tariff paragraph 1411</u>					
Photograph, autograph, scrap, postcard, and postage-stamp albums, and albums for phonograph records, wholly or partly manufactured.	4790 060	117,525	114,786 116,566	17%	Japan, West Germany
<u>Tariff paragraph 1412</u>					
Playing cards	9510 030	60,156	63,688 117,762	5¢ pack plus 5%	Austria, Spain, Japan, West Germany

Prepared by Printing and Publishing Industries Division, Business and Defense Services Administration, U. S. Department of Commerce.

6,575.0%
114,627.14
9,475.647



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PRESIDENTS and MANAGERS OF IBA AFFILIATED ASSOCIATIONS

5728 Connecticut Avenue, N. W., Washington 15, D. C. Woodley 6-1400

ISSUE NO. 27
June 17, 1960

Prepared under the direction of
Bernard J. Taymans

HEARINGS ON As indicated in PM No. 25, public hearings on possible tariff
TARIFFS adjustments will begin in Washington on July 11. These hear-
ings will proceed negotiations in Geneva later this year.

A number of associations in the Graphic Arts will be making presentations as well as companies who are vitally affected by the possible changes in present tariff schedules.

Enclosed is a release from the U.S. Chamber of Commerce, which sets forth background information on the value of imports and the rate of duty for the years 1957, 1958, 1959. You will be interested in advising member companies who are concerned with possible changes in the import schedule that requests for an opportunity to appear before the hearings must be filed by June 27. In lieu of personal appearances at the hearings, written statements may be filed. In either case, 15 copies of the statement -- written, typed, printed or duplicated, shall be submitted, of which one copy must be sworn to. While the stated deadline for receipt of these written statements is also June 27, the committee will accept these until the time of official opening of the hearings on July 11.

Requests to appear or written statements should be addressed to:

Committee on Reciprocity Information
Tariff Commission Building
Washington 25, D.C.

We would be interested in having the identification of companies in your area who consider that they are vitally concerned with this matter whether or not they plan to appear or file a statement.

On the export side of special interest to the printing industry is the following tentative list of items on which concessions for reduction of tariff (export) may be shown.

BOOKS, MAPS, PICTURES, AND OTHER PRINTED MATTER

Books and pamphlets, including
Dictionaries and encyclopedias
Catalogs, pamphlets and booklets

Geographic maps and charts, including
Atlases

Newspapers



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

ISSUE NO. 27

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Advertising matter

Playing cards

Printed matter, including

Bank notes

Bonds

Checks

Pictures

Playing card sheets

Tickets

Other general categories include: Paper base stocks, Paper, related products and manufacturers, Printing and bookbinding apparatus, which will be of indirect interest to our industry.

Negotiations are expected to include the Commission of the European Economic Community, representing the six member states (Belgium, France, Germany, Italy, Luxembourg and the Netherlands), Australia, Austria, Canada, Chile, Denmark, the Dominican Republic, Finland, Peru, Spain, Sweden, Switzerland, Tunisia, United Kingdom and Uruguay.

Two documents issued by the State Department provide full information and complete lists on these export and import items and those interested in having the full lists may obtain them by writing to PIA headquarters in Washington.



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PRESIDENTS and MANAGERS OF PIA AFFILIATED ASSOCIATIONS

5728 Connecticut Avenue, N. W., Washington 15, D. C. • Woodley 6-1400

ISSUE NO. 28
June 30, 1960

Prepared under the direction of
Bernard J. Taymans

TARIFF HEARINGS

With our P-M Bulletin #27, you received information regarding the hearings which will be held before the Tariff Commission and the hearings before the Committee on Reciprocity Information.

Enclosed is a copy of a letter which has been sent to a few key companies in our industry.

There are two hearings involved -- one before the Committee on Reciprocity Information, at which PIA's Government Relations Committee Chairman, James Shields, will appear on behalf of the industry. The second group of hearings is being held by the Tariff Commission and at these hearings the witnesses must make presentations in connection with specific products.

We have reserved time before the Tariff Commission. If you have companies in your membership who are concerned, to an important degree, on the import of any of the items on the list attached to Mr. Shields' statement, it is possible that we can allocate time for them under the reservation which we have made. You have attached to P-M Bulletin 27 the comparative volume of imports for three years associated with each of these items.

An important consideration is what would happen to the volume of imports if they were subjected to substantial decrease in tariffs. This is likely to take place if we do not make representation at the hearings. If you identify companies which desire to participate in the hearings, we would appreciate advice by telephone.

Information on what we are doing has been transmitted to the other national associations so that they are fully informed of PIA's actions.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

C
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P
Y

June 29, 1960

Dear _____:

PIA has requested an opportunity for the Industry to present information at hearings to be held by the Tariff Commission and separate hearings scheduled to be held by the Committee on Reciprocity Information.

Enclosed is an outline of the statement which will be made to the Committee on Reciprocity Information by PIA Chairman on Government Relations, James W. Shields. This contains the reasons why we are requesting that printed products be omitted from the list of items to be discussed in the Tariff negotiations considered.

At the hearings before the Tariff Commission, it is necessary for the statements to be directed at specific products listed on the attached table as published by the U. S. Department of Commerce. This table has been extracted from the more detailed publications which list all commodities involved.

If your company is directly concerned with the volume of imports under the present tariffs or the volume which might result if there is a decrease in tariffs, and if you would like to testify, we would be glad to allocate part of the PIA time to your company's representative.

A copy of the booklet containing the complete listing of commodities and other information is available upon request from PIA if you are interested in participating. We are interested in getting additional participants. If you are interested, we would appreciate it if you would advise us by telephone.

Sincerely,

Bernard J. Taymans
General Manager

BJT:t



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TORONTO, ONTARIO

PRESIDENTS and MANAGERS OF PIA AFFILIATED ASSOCIATIONS

5728 Connecticut Avenue, N. W., Washington 15, D. C. • W0odley 6-1400

ISSUE NO. 34
August 2, 1960

Prepared under direction of
Jeanne Wentworth

TECHNICAL AND MECHANICAL PROBLEMS SURVEY

In conjunction with the 74th Annual Convention of The Printing Industry of America, there has been scheduled a technical forum to be held on Saturday, October 29. At this forum a panel of experts will discuss technical and/or mechanical problems encountered in the manufacture of printing products. The technical and mechanical problems to be discussed will be selected from a survey of some 900 companies. The survey form will request problems related to (1) Gravure Operations; (2) Letterpress Operations; (3) Lithographic Operations; (4) Composing Room Operations; and (5) Bindery Operations. These five categories will be broken down as follows:

GRAVURE OPERATIONS

There will be a discussion on problems relating to: (1) camera; (2) cylinder making; (3) proofing; (4) press operations, including dryers and folders; (5) paper; (6) ink.

LETTERPRESS OPERATIONS

Questions and/or problems relating to: (1) plates; (2) press operations including feeders, deliveries, folders; (3) paper; (4) ink; (5) rollers; (6) drying and offset elimination.

LITHOGRAPHIC OPERATIONS

Questions and/or problems relating to: (1) plate-making; (2) press operations; (3) paper; (4) ink; (5) blankets and rollers.

COMPOSING ROOM OPERATIONS

Questions and/or problems relating to: (1) linotyping, Monotyping, or Ludlow operations; (2) page makeup; (3) foundry or press lockup; (4) proofreading; (5) cold composition techniques.

BINDERY OPERATIONS

Questions and/or problems relating to: (1) curring; (2) folding; (3) stitching; (4) gathering; (5) other machine and hand operations.

-more-



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PM No. 34
Page two

Depending on the degree of interest resulting from the technical questions survey, the afternoon session of the Technical Forum may be divided into special subjects seminars. This session will be developed especially for the interest of the foremen, supervisors and production managers.

TARIFF
HEARINGS

As previously reported, James Shields, Chairman of PIA's Government Relations Committee, appeared before both the Tariff Commission and the Committee on Reciprocity Information. His statement, a copy of which was sent to you, pointed up the damaging effect which further tariff reductions could have on the domestic printing industry.

We are pleased to report that both bodies seemed quite impressed with the statement, and we are hopeful that on the basis of information contained in PIA's statement as well as that presented by other industries, these agencies will take action which will keep tariff rates at present levels and that no further reductions will result.

SAFETY
PROGRAM

The Printing and Publishing Section of the National Safety Council are finalizing plans for a most interesting program, scheduled for October 18 in Chicago, as part of the National Safety Council Congress.

Safety and safety programs are becoming increasingly important in the printing industry. The program for October 18th will offer real opportunity to discuss development of safety programs. One panel discussion in the morning will be under the Chairmanship of PIA President Walter McArdle. The discussion, with audience participation, will cover procedures and materials available for establishing safety training programs from various local, regional and national associations. There will be an exchange of experiences and information on the maintenance and development of such programs.

We welcome your participation in this program. If you have information available in your area on the development of safety programs, you can make a real contribution to this program. At the same time, you or someone designated by you can derive benefit in return by an exchange of such information with other areas who are developing or carrying on the same types of programs.

Some areas have still not advised us as to their local area Safety Representative. If you have not given us the name of the person in your area designated to act in this capacity please do so on the enclosed form. Please complete the form in any event, and if the name of your safety representative has been sent, please indicate in the space provided. We are hoping to have a large number of these area representatives in attendance at the October 18th meeting.



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BEFORE THE
COMMITTEE FOR RECIPROCITY INFORMATION
STATEMENT
of
JAMES W. SHIELDS, Chairman
GOVERNMENT RELATIONS COMMITTEE
PRINTING INDUSTRY OF AMERICA, INC.

Counsel:

Robert M. Hawes
1145 19th Street, N.W.
Washington 6, D.C.

Printing Industry of
America, Inc.
5728 Connecticut Avenue,
N.W.
Washington 15, D.C.

Woodley 6-1400



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FOR THE COMMITTEE FOR RECIPROCITY INFORMATION
HEARING ON LIST OF PRODUCTS TO BE CONSIDERED
FOR POSSIBLE UNITED STATES CONCESSIONS

The following is a statement which is to be the basis of testimony to be offered by Mr. James W. Shields, Chairman, Government Relations Committee, Printing Industry of America, Inc.:

The Tariff paragraphs and products appear on the attached sheet.

The Printing Industry of America, Inc., is a trade association representing 6,000 printing firms in the United States.

The commercial printing industry is made up mostly of small businesses. The 1958 Census shows 306,000 employees in 18,000 companies -- an average of 17 employees per company. The average annual sales were \$222,000. More than half of the companies had annual sales of less than \$222,000.

In the light of the facts which will be presented, it will be shown that these small businesses have little opportunity to reduce their selling prices to meet foreign competition and are therefore vulnerable, since the selling prices in this country of foreign products are in many cases lower than our costs.

The commercial printing industry is but one segment of the group of companies which



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1 are affected by the product classifications
2 on the attached List.

3 The total employment in the industries
4 which will be affected by any reduction of
5 Tariff is 880,000. These employees are
6 associated with some 34,000 firms, according
7 to the 1958 Census of Manufacturers. The
8 printing and publishing industry ranks 9th
9 in number of employees among all manufacturing
10 industries, and 3d in number of establishments.
11 It can be seen that we are dealing here with
12 a major segment of American manufacturing
13 industry and with a substantial number of
14 small American businesses.

15 The American printing industry is a
16 high-wage industry. The average wage rate ,
17 excluding fringe benefits, for the industry
18 as reported July 1, 1959, by the United
19 States Department of Labor, was \$3.12 an
20 hour.

21 In addition to this average wage rate, the
22 industry's labor cost is increased materially
23 by fringe benefits.

24 As an illustration of the comparison of
25 wage rates, without consideration of fringe
26 benefits, the wage rate for Compositors in
27 Great Britain is \$35.40 for a 42-hour week,
28 or 84.3 cents per hour. Our wage rate for
29 Compositors is \$3.085 per hour for an average
30



1 work week of 38 hours, or approximately $3\frac{1}{2}$
2 times that of Great Britain, which is one
3 of the higher wage-rate countries in Europe
4 and substantially higher than the wage rates
5 in countries such as Japan.

6 The American printing industry works
7 from 35 to 40 hours per week. All additional
8 time is at time-and-a-half, double time,
9 or even triple time. This compares with the
10 average work week in Great Britain of 42 hours
11 at the regular hourly rate, and with Japan
12 at 52 hours at the regular rate. The result
13 of this short work week in comparison with
14 the work week of our foreign competitors,
15 in an increase in our labor costs whenever
16 our employees are working more than our
17 regular work week.

18 Payroll represents 46% of our total
19 cost in the American printing industry.
20 This is very important because of the differ-
21 ential in the wages and salaries paid in
22 the United States when compared with those
23 paid in the countries exporting printed
24 products to the United States.

25 There is little opportunity in our
26 industry to reduce costs in areas such as
27 administrative and selling costs as shown by
28 the chart on the next page.



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PIE CHART

from

1958-1959

PIA RATIO STUDY



1 It will be noted that the Profit Before
2 Taxes is 4.75%, taxes amounting to approximately
3 2.25%, leaving the Profit for the year 1958-59
4 a mere 2.5%. Profits After Taxes 1958-59
5 were less than half of what they were ten years
6 ago.

7 The decline in Profits to the low Profit
8 of 2.5%, of the American printing industry,
9 establishes that this industry is not in the
10 position to meet the competition of the lower
11 priced imported printed products from
12 countries having a wage rate a fraction of
13 our industry's. A further reduction of
14 tariffs would permit lower prices on the
15 imported products which would aggravate a
16 very difficult competitive price situation.

17 More than a third of the assets of our
18 industry are invested in machinery and equip-
19 ment. In recent years a substantial amount
20 of new printing equipment manufactured in
21 foreign countries has been sold to our indus-
22 try in this country. Many of our American
23 equipment manufacturers are bringing in foreign
24 machinery which is being sold to and used by
25 American printing firms. This machinery is
26 purchased by the foreign printers at
27 substantially lower dollar costs than it is
28 purchased by the American printers. The
29 foreign printed matter in many cases is being
30



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1 produced on exactly the same equipment as
2 used in our American industry. The combination
3 of the purchasing of machinery at less cost,
4 together with the substantially lower wage
5 costs, gives the foreign printing industry
6 a tremendous advantage over the American
7 industry, which precludes our effectively
8 competing in this market with many imported
9 items.

10 The Trade Agreements Act of 1934
11 provides that duties may be reduced by
12 negotiation where foreign trade in the pro-
13 duct is being restricted or unduly burdened.
14 Congress by so providing in the Act has inhib-
15 ited the reduction of duties on any product
16 unless it is established that the present
17 rate is restricting or otherwise burdening
18 the imports of that product into the United
19 States.

20 The present duties on printed products
21 covered by the Tariff paragraphs in the
22 attached List, have not restricted or
23 otherwise burdened the imports of the
24 printed products. The United States Depart-
25 ment of Commerce reports that the imports of
26 Books, Periodicals and Other Printed Matter
27 in 1959 increased 18.3% over 1958, which
28 in dollars amounted to an increase of \$6
29 million.
30



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1 In some of the products made by our industry,
2 the imports increased in 1959 over 1958 as
3 much as 100% in Playing Cards, 58% in Bibles
4 and Testaments, and 29% in Books, Maps,
5 Newspaper and Periodicals.

6 The American printing industry is extremely
7 concerned about the recent interest that has
8 been evidenced by Japanese printers in selling
9 to the American market.

10 Italian printers have recently offered tours
11 to Italy to familiarize potential customers
12 with the extensive printing and plate-making
13 facilities available in Italy for export of
14 products to the United States.

15 The present Tariff rates on printed matter
16 do not restrict or unduly burden the imports
17 of printed matter. This fact is established
18 by the statistics of the United States Department
19 of Commerce in showing a material increase in
20 imports of these products in 1959 over 1958.
21 The cost factors of the foreign printer
22 such as the basic purchase price of equipment,
23 the substantially lower wage costs, and other
24 lower costs of production, permit them to export
25 to the United States at prices with which
26 our industry is not able to compete. A
27 reduction in duty would merely encourage an
28 increase in exports of printed products to
29 the United States and result in serious injury
30



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to our industry.

Our industry is convinced that it would be extremely unfair to include printed products on the List of Concessions, and therefore we request that the products listed on the attachment be deleted from the List.

JAMES W. SHIELDS



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Special Bulletin

FLOYD C. LARSON
EXEC. SECRETARY-TREASURER
758 LEADER BUILDING
CLEVELAND 14, OHIO
PHONE MAIN 1-8808

No. 462
August 22, 1960

INTERNATIONAL ASSOCIATION OF ELECTROTYPERS & STEREOTYPERS *Incorporated*

SPECIAL NOTICE

In order to avoid customs red-tape in taking large quantities of printed material into Mexico, ALL printed material for the Mexico City Convention of the I.A.E.S. will be sent to those who register in advance well ahead of your leaving for Mexico City. This includes several Mexico guide books, "Handy Hints", etc. designed to assist your travels in Mexico. Please do NOT discard Mexico material mailed to you. You'll need it.

Also to be mailed in advance during September will be your Official Convention Program which should be brought along with you to the convention. Only a limited number of programs will be available at the registration desk. Since practically all of our people register in advance this distribution of printed material should pose no problem. Remember that your EARLY Advance Registration will be of great value to you in your travel and convention arrangements.

INDUSTRY NEWS NOTES

Today is the day that the I.A.E.S. Management Assistance Committee meets at the Carter Hotel here in Cleveland. . . . The Western Printing & Lithographing Co. of Racine, Wis. wishes to announce the adoption of a new name and the company will henceforth be known as The Western Publishing Co., Inc. There is no change in officials.

On behalf of the I.A.E.S., we will be appearing before the Committee for Reciprocity Information of the U. S. Tariff Commission in Washington, D. C. on Thursday afternoon, August 25th IF you sent us your advertising copy for the 1960 Convention Program and Buying Guide by RETURN MAIL we could still squeeze it into the program but we would have to have it before Friday of this week sure.

It seems that all of the fuss and stir reported on the part of Mexican students "rioting" was not "anti-American" at all but rather a "student strike" against some of their teachers of whom they wanted to rid themselves according to the newspapers last week. This confirms some previous thoughts on this subject and clears up a misunderstanding which need never have been created.

We are receiving a good number of hotel reservations for the Las Brisas Hilton Hotel at Acapulco which tells us that many of our people will go on from our Mexico City convention to Acapulco for a week or ten days at the seaside resort Two of our friends sent us clippings about the student demonstrations noted above, and they are of interest to us of course. We are even more interested in a halt of the pro-Castro, communist-inspired demonstrations in our own country in Miami.

The Printing Industry of Washington "Printing Fundamentals" course for apprentices starts Sept. 14th. and features a session on electrotypes. This years course will be on a higher technical level than previous courses.

"PRINT IT LETTERPRESS—FROM ELECTROTYPES"



ANGUS. STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

inklings



MEMBER OF THE PRINTING INDUSTRY OF GREATER MIAMI, INC.

FROM: PRINTING INDUSTRY OF GREATER MIAMI, INC. • 5384 N. MIAMI AVE., MIAMI 37, FLA. • J. L. JONES, EXEC. SECTY

August 31, 1960

DON'T WAIT! GET YOUR TICKETS NOW FOR THE BIG PRINTING INDUSTRY PICNIC ON SATURDAY, SEPTEMBER 24.

If you haven't yet bought your tickets for the Picnic, DO IT NOW. See your favorite PIGM member paper or supply salesman or just send your checks to the Association office. We will have your tickets delivered to you.

TICKET SALES DEADLINE IS SEPTEMBER 16

Many plants who realize the possibilities of the picnic to promote better employee relations are buying tickets for all their employees and their families. Call Charles Flynt at E. C. Palmer Paper Co. if you plan a "company affair" and want a reserved section.

At this point, it looks as if this is going to be the biggest and best Printing Industry Picnic ever. The committees have scheduled contests, prizes, and events to give you continuous entertainment. Free rides and games with competent committee supervision will be provided for the children.

Activities will start at 12 noon at the big covered pit at Crandon Park. Children's rides, adult games and contests, and children's games will precede the delicious picnic dinner which will be served at about 3:30 P. M. Following dinner, there will be door prize drawings, children's beauty contest and quartet singing contest. You won't want to miss the outing. GET THOSE TICKETS NOW ! !

AGENCY PURCHASE ORDERS -- Printers, engravers, typographers, and others doing business with advertising agencies are taking a big risk if they accept agency purchase orders with wording that attempts to absolve the agency of responsibility of payment. Orders which disclaim the agency as "client" and phrases such as, "the client shall be held solely liable" and, "acceptance of this order means that seller accepts and agrees to all conditions," etc. should be refused. If "client" is other than agency, ask for a purchase order signed by authorized officer of the "client" and check the "client's" credit. Don't end up "holding the bag!" Call PIGM if you desire further information.

FOREIGN PRINTING IMPORTS INCREASE -- During the past four years the import of items printed in foreign countries has increased 113%. Production cost in such countries as Belgium, France, Holland, Italy and West Germany is so low that many of these items can be sold for 40 to 50% below prices of American sources. A proposed reduction on import duties for these items is being opposed by U. S. printers through the Lithographers & Printers National Association.



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Graphic Arts Industries Association

COMPOSING ROOM

WAGE RATES & FRINGE BENEFITS UNDER CONTRACTS WITH LOCALS
OF THE INTERNATIONAL TYPOGRAPHICAL UNION IN CANADA

Contract Dates	Effective Date	Weekly Hours Day Night	Day Shift	Night Shift	Split Shift	Hourly Scale	Paid Holidays	Paid Vacations (Days)	H. & W. Ins. & Sick Leave (Days)	Pension Plan	Severance Pay
1-8-59 — 6-3-61	3-6-60	38½ 36½	\$ 82.15 to 9-3-60 \$ 83.70 to 6-3-61	\$ 83.37½ to 9-3-60 \$ 84.82½ to 6-3-61	\$ 83.37½ to 9-3-60 \$ 84.82½ to 6-3-61	T) \$2.12 to 9-3-60 T) \$2.16 to 6-3-61 N) \$2.30 to 9-3-60 R) \$2.34 to 6-3-61 S) \$2.38 to 9-3-60	9	1 yr.-10; 25 yrs.-15	—	—	—
4-1-59 — 3-31-61	4-1-60	37½ 37½	\$ 82.75 to 9-1-60 \$ 90.00 to 7-31-61	\$ 94.68½ to 9-1-60 \$ 96.93½ to 3-31-61	—	T) \$2.34 to 9-1-60 T) \$2.40 to 3-31-61 N) \$2.52½ to 9-1-60 N) \$2.58½ to 3-31-61	8	1 yr.-10; 20 yrs.-15 5-31-61; 17 yrs.-15	1 yr.-3 days S.I.	—	—
2-15-59 — 2-14-61	2-15-59	40 40	\$ 90.00	\$ 99.00	\$ 99.00	T) \$2.25 N) \$2.47½ S) \$2.47½	8	1 yr.-5; 2 yrs.-10	Surgical Life Hospital 50% Doctor	—	—
2-15-59 — 2-14-61	2-15-60	40 37½	\$ 92.00	\$ 99.18½	—	T) \$2.30 N) \$2.64½ S) \$2.64½	10	1 yr.-5; 2 yrs.-10 15 yrs.-15	—	—	—
1-1-60 — 12-31-61	4-1-60	40 to 12-31-60 38½ to 12-31-61 (for day & night shifts)	\$ 96.40 to 12-31-60 \$ 96.48½ to 6-30-61 \$ 98.42½ to 12-31-61	\$ 110.80 to 12-31-60 \$ 110.82½ to 6-30-61 \$ 113.15 to 12-31-61	Night Rate	T) \$2.41 to 12-31-60 T) \$2.49 to 6-30-61 T) \$2.54 to 12-31-61 N) \$2.77 to 12-31-60 N) \$2.86 to 6-30-61 N) \$2.92 to 12-31-61	8	1 yr.-10; 18 yrs.-16 1-1-61; 17 yrs.-15	W. Plan; 60 p. hour	—	2 weeks
9-1-57 — 8-31-60	3-1-60	37½ 37½	\$ 94.68½	\$ 106.68½	\$ 106.68½	T) \$2.52½ N) \$2.84½ S) \$2.84½	8	1 yr.-10; 20 yrs.-15	S & A - 50%	—	2 yrs. - 2 weeks
1-1-59 — 12-31-61	1-1-60	T) 40 to 12-31-60 N) 38½ to 12-31-61	\$ 96.00 to 12-31-60 \$ 96.10 to 12-31-61	15% over day rate	Night Rate	T) \$2.40 to 12-31-60 T) \$2.48 to 12-31-61 N) 15% over day S) \$2.48	9	1 yr.-5; 2 yrs.-7 3 yrs.-10; 20 yrs.-15	E.A. - M. & H. Married 50% Single 40%	—	—
11-30-59 — 11-30-61	11-30-59	40 37½	\$ 82.00 to 11-30-60 \$ 86.00 to 11-30-61	\$ 84.37½ to 11-30-60 \$ 86.12½ to 11-30-61	—	T) \$2.05 to 11-30-60 T) \$2.15 to 11-30-61 N) \$2.25 to 11-30-60 N) \$2.35 to 11-30-61	8	1 yr.-10; 15 yrs.-15	I.L.S. & A. 50% Medical 50% S.I. 2 weeks	Yes: 2½ E.A.	2 yrs. - 2 weeks
10-1-58 — 10-1-60	10-1-59	37½ 37½	\$ 114.75	\$ 123.75	—	T) \$3.06 N) \$3.30	9	1 yr.-10; adding one day for each additional year	M.S.A. & Group H. & A. & Life 50%	—	1 yr. - 2 weeks 2 yrs. - 4 weeks
9-5-58 — 12-31-60	1-1-60	40 37	\$ 80.40	\$ 85.47	—	T) 2.01 N) \$2.31	9	1 yr.-2 weeks	—	—	—
5-1-60 — 4-30-61	11-1-60	38½ 38½	\$ 98.04	\$ 106.75	\$ 108.75	T) \$2.53 N) \$2.75½ S) \$2.806	9	1 yr.-10; 5 yrs.-15	S. & A.	Yes: 50%	—
2-15-59 — 2-14-61	2-15-60	40 40	\$ 90.60	\$ 104.20	\$ 104.20	T) \$2.26½ N) \$2.60½ S) \$2.60½	9	1 yr.-10; 5 yrs.-15	S. & A. Indemnity (no details)	under study	2 weeks
6-1-58 — 5-30-61	6-1-60	37½ 37½	\$ 102.56 to 12-1-60 \$ 103.88 to 5-31-61	\$ 114.19 to 11-30-60 \$ 115.50 to 5-31-61	\$ 114.19 to 11-30-60 \$ 115.50 to 5-31-61	T) \$2.73½ to 11-30-60 T) \$2.77 to 5-31-61 N) \$3.04½ to 11-30-60	8	1 yr.-10; 12 yrs.-15	—	—	—
6-1-58 — 1-31-61	2-1-60	37½ 36½	\$ 112.50	\$ 117.375	\$ 117.375	T) \$3.00 N) \$3.238 S) \$3.238	9	1 yr.-10; 5 yrs.-15	Provincial Statutory Holidays	under study	—
3-1-60 — 4-30-61	3-1-60	37½ 35	\$ 105.00	\$ 107.80	\$ 112.70	T) \$2.80 N) \$3.106 S) \$3.22	9	1 yr.-10; 10 yrs.-15	—	under study	2 weeks
3-9-60 — 8-31-62	8-1-60	37½ 37½	\$ 95.62½ to 3-31-61 \$ 98.25 to 11-30-61 \$ 110.87½ to 8-31-62	\$ 107.62½ to 3-31-61 \$ 110.62½ to 11-30-61 \$ 113.44 to 8-31-62	—	T) \$2.55 to 3-31-61 T) \$2.62 to 11-30-61 T) \$2.69 to 8-31-62 N) \$2.87 to 3-31-61 N) \$2.95 to 11-30-61 N) \$3.02½ to 8-31-62	8	1 yr.-10; 10 yrs.-15	Medical Hospital S. & A. 50%	J.A. .07 per hour	2 weeks
6-1-58 — 5-31-61	6-1-60	38½ 37½	\$ 91.45 to 11-30-60 \$ 93.04 to 5-31-61	\$ 95.25 to 11-30-60 \$ 96.75 to 5-31-61	\$ 95.25 to 11-30-60 \$ 96.75 to 5-31-61	T) \$2.36 to 11-30-60 T) \$2.40 to 5-31-61 N) \$2.54 to 11-30-60 S) \$2.58 to 5-31-61	10	1 yr.-5; 2 yrs.-10 15 yrs.-15	—	—	3 yrs. - 2 weeks

SYMBOLS:—

Health & Welfare Insurance
Sickness & Accident Ins.
Hospitalization Insurance
Medical & Hospitalization
Joint Administration
Employer administration

H.W.I.
S. & A.
H.
M. & H.
J.A.
E.A.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

RATIOS FOR PRINTING MANAGEMENT - HIGHLIGHTS FOR 1959-60
FOR 50 CANADIAN FIRMS COMPARED WITH PIA RATIOS FOR 926 FIRMS

(Note: Sixteen Toronto firms, five Montreal firms, and 29 other Canadian companies participated in the 1959-60 PIA ratio study.)

	Yours	Canadian Composite	P.I.A. Composite
REPORTS:			
Number of Firms Reporting		50	926
INVESTMENT:			
TOTAL ASSETS, Average per Firm		\$469,275	\$425,488
Average per Employee (All Employees)		\$ 8,318	\$ 7,620
NET WORTH, Average per Firm		\$255,244	\$276,870
Average per Employee (All Employees)		\$ 4,524	\$ 4,959
GROSS PLANT INVESTMENT, **Average per Firm		\$342,365	\$264,164
Average per Factory Employee*		\$ 7,443	\$ 5,936
EMPLOYEES:			
Average Number of All Employees per Firm		56.42	55.84
Percent of Factory Employees* to All Employees		81.53%	79.80%
Percent of Administrative Employees to all Employees		11.24%	12.76%
Percent of Sales Employees to all Employees		7.23%	7.44%
SALES (Value of Product):			
Average Sales per Firm		\$608,997	\$776,751
Sales per Employee (All Employees)		\$ 10,794	\$ 13,911
Sales per Factory Employee*		\$ 13,239	\$ 17,431
Sales LESS MATERIALS per Factory Employee*		\$ 8,465	\$ 11,179
Sales per Administrative Employee		\$ 96,056	\$109,063
Sales per Sales Employee		\$149,264	\$187,067
Ratio of Sales (Value of Product) to Net Worth		238.6	280.5
Ratio of Sales to Gross Plant Investment**		177.9	293.6
Ratio of Sales to Total Assets:			
Firms with Owned Real Estate		116.9	152.3
Firms with Leased Real Estate		168.8	217.1
PAYROLL (Including Payroll Taxes & Employee Benefits):			
Average Payroll per Firm		\$267,376	\$345,091
Percent of Total Payroll to Sales (Value of Product)		43.9%	44.4%
Percent of Factory Payroll to Gross Plant Investment **		59.3%	95.3%
Payroll per Employee (All Employees)		\$ 4,739	\$ 6,180
Payroll per Factory Employee*		\$ 4,414	\$ 5,655
Payroll per Administrative Employee		\$ 5,102	\$ 6,549
Payroll per Sales Employee		\$ 7,838	\$ 11,188
FINANCIAL INCOME AND EXPENSE:			
Firms Having Financial Income in Excess of Financial Expense		21	438
Firms Having Financial Expense in Excess of Financial Income		24	457
Firms Not Reporting Financial Income or Expense		5	31
PROFIT AND LOSS:			
Firms Having a Profit on Sales		46	789
Firms Having a Loss on Sales		4	137
Percent of Gross Profit to Sales (Value of Product)		19.89%	21.88%
Average Gross Profit per Factory Employee*		\$ 2,632	\$ 3,819
Percent of Net Profit BEFORE Taxes, to Sales(Value of Product)		5.46%	5.41%
Average Net Profit BEFORE Taxes per Employee (All Employees)		\$ 588	\$ 757

* Factory Employees are All Employees other than Administrative and Selling. Proprietors and Partners are included as "Employees."

** Gross Plant Investment is all Machinery, Equipment, etc. (EXCEPT Real Estate) DEPRECIATION



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(2)	Composite In Dollars Canadian	Composite Ratios Canadian	Your Ratios	PIA Composite Average Ratios
<u>BALANCE SHEET RATIOS</u>				
Number of Reports	50	50		926
<u>ASSETS</u>	\$	%	%	%
CURRENT ASSETS				
CASH	1,115,629	4.75		9.92
Notes Receivable	66,591	.28		.88
Accounts Receivable	4,970,577	21.18		22.12
<u>TOTAL NOTES & ACCOUNTS RECEIVABLE</u>	5,037,168	21.46		23.00
Less Allowance for Bad Debts	195,659	.83		.67
NET RECEIVABLES	4,841,509	20.63		22.33
INVENTORIES				
Raw Materials (Materials on Hand)	1,926,581	8.21		8.45
Work in Process	1,020,412	4.35		5.93
Finished Goods	318,767	1.36		1.77
Other Inventories	26,691	.11		1.24
TOTAL INVENTORY	3,292,451	14.03		17.39
MARKETABLE SECURITIES	2,032,236	8.66		3.21
OTHER QUICK ASSETS	305,648	1.30		1.83
TOTAL CURRENT ASSETS	11,587,473	49.37		54.68
FIXED ASSETS				
Real Estate: Land	996,314	4.25		2.06
Buildings	5,600,039	23.87		12.37
Less Allowance for Depreciation on Bldgs.	1,843,438	7.86		4.04
NET REAL ESTATE (LAND & BUILDINGS)	4,752,915	20.26		10.39
Machinery & Equipment	15,993,010	68.18		56.79
Type and Accessories	156,611	.67		1.32
Office Furniture & Fixtures	716,381	3.05		2.61
Autos and Trucks	312,260	1.33		1.44
TOTAL MACHINERY & EQUIPMENT, TYPE, ETC.	17,118,262	73.23		62.16
Less Allowance for Depreciation	10,639,086	45.34		32.69
NET MACHINERY & EQUIPMENT, TYPE, ETC.	6,539,176	27.89		29.47
OTHER FIXED ASSETS	40,939	.17		1.40
TOTAL FIXED ASSETS (Net Real Estate, Net Machinery & Equipment, etc. and Net Other Assets)	11,333,030	48.32		41.26
DEFERRED CHARGES (Prepaid Int., Insurance Taxes, etc.)	253,858	1.08		1.40
OTHER NON-CURRENT ASSETS	289,403	1.23		2.66
TOTAL ASSETS	23,463,764	100.00		100.00



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(3)	Composite In Dollars Canadian	Composite Ratios Canadian	Your Ratios	PIA Composite Average Ratios
<u>BALANCE SHEET RATIOS</u>				
Number of Reports	50 \$	50 %	%	926 %
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
NOTES PAYABLE WITHIN ONE YEAR:				
For Materials Purchased	75,349	.32		.29
For Money Borrowed	842,415	3.59		2.71
For Machinery & Equipment	102,267	.44		1.80
ACCOUNTS PAYABLE	2,527,702	10.77		8.74
ACCRUED LIABILITIES (Wages, Interest, Taxes, etc.)	1,231,936	5.25		7.72
BONDS OR MORTGAGES MATURING WITHIN ONE YEAR	126,289	.54		.40
OTHER CURRENT LIABILITIES	203,250	.87		1.93
TOTAL CURRENT LIABILITIES	5,109,208	21.78		23.59
<u>FIXED LIABILITIES</u>				
NOTES PAYABLE BEYOND ONE YEAR				
For Machinery & Equipment	208,734	.89		4.26
Mortgages Maturing Beyond One Year	267,388	1.14		2.65
Bonds Maturing Beyond One Year	4,937,875	21.04		2.00
OTHER FIXED LIABILITIES	178,380	.76		1.93
TOTAL FIXED LIABILITIES	5,592,377	23.83		10.84
TOTAL DEBT	10,701,585	45.61		34.43
RESERVES NOT ALREADY DEDUCTED	---	---		.52
TOTAL LIABILITIES AND RESERVES	10,701,585	45.61		34.95
<u>NET WORTH</u>				
CORPORATION CAPITAL STOCK (Issued and Outstanding)	4,626,579	19.72		20.63
CORPORATION SURPLUS & UNDIVIDED PROFITS	7,926,112	33.78		40.82
PROPRIETARY CAPITAL (Proprietor or Partner)	209,488	.89		3.60
TOTAL NET WORTH, SURPLUS & UNDIVIDED PROFITS	12,762,179	54.39		65.05
TOTAL LIABILITIES, RESERVES & NET WORTH	23,463,764	100.00		100.00



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

(4) RATIOS OF OPERATING EXPENSES AND PROFIT TO SALES				
	Composite In Dollars Canadian	Composite Ratios Canadian	Your Ratios	PIA Composite Average Ratios
Number of Reports	50	50		926
	\$	%	%	%
NET SALES	30,547,354	100.32		99.65
Less: Work in Process, Beginning of Year	1,083,523	3.56		3.01
Add: Work in Process, End of Year	986,017	3.24		3.36
VALUE OF PRODUCT	30,449,848	100.00		100.00
MATERIALS USED:				
Paper	8,679,728	28.50		22.32
Outside Purchases (Materials & Services)	2,299,696	7.55		13.55
Total Materials Used	10,979,424	36.05		35.87
FACTORY FIXED EXPENSES:				
Rent and Heat	516,477	1.70		1.56
Insurance (Real Estate & Property)	69,141	.23		.30
Taxes (Real Estate & Property)	139,210	.46		.47
Depreciation	1,056,005	3.47		2.74
Total Factory Fixed Expenses	1,780,833	5.86		5.07
FACTORY CURRENT EXPENSES:				
Salaries, Executive	253,715	.83		.95
Wages-Direct	7,838,835	25.74		25.03
General Factory:				
Salaries and Wages	1,476,693	4.85		3.90
Expense	327,383	1.07		1.43
Departments Direct Supplies & Expense	1,002,800	3.29		2.41
Packing, Shipping & Delivery:				
Wages	180,384	.59		.78
Expense	154,174	.51		.88
Payroll Taxes	13,246	.04		.81
Employee Benefits	389,625	1.28		.99
TOTAL FACTORY CURRENT EXPENSES	11,636,855	38.20		37.18
FACTORY COST OF PRODUCT	24,397,112	80.11		78.12
GROSS PROFIT	6,052,736	19.89		21.88



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(5) RATIOS OF OPERATING EXPENSES AND PROFITS TO SALES	Composite In Dollars Canadian	Composite Ratios Canadian	Your Ratios	PIA Composite Average Ratios
Number of Reports	50	50		926
	\$	%	%	%
ADMINISTRATIVE EXPENSES				
Salaries (Executive)	821,463	2.70		2.72
Salaries (Office)	735,551	2.42		2.88
General Office Expense	529,009	1.74		1.99
Bad Debts	50,092	.17		.18
Payroll Taxes	11,855	.04		.15
Employee Benefits	48,500	.16		.26
Other Taxes (Exclusive of Federal Income Taxes)	42,805	.14		.14
TOTAL ADMINISTRATIVE EXPENSES	2,240,075	7.37		8.32
SELLING EXPENSES				
Salaries (Executive)	274,108	.90		1.16
Salaries & Commissions (Salesmen's)	1,127,735	3.70		4.22
Sales Office Clerical Salaries	155,606	.51		.42
General and Travel Expenses	353,368	1.16		1.56
Advertising	101,915	.33		.58
Payroll Taxes	727	--		.07
Employee Benefits	40,762	.13		.11
TOTAL SELLING EXPENSES	2,054,221	6.73		8.12
TOTAL ADMINISTRATIVE & SELLING EXPENSES	4,294,296	14.10		16.44
NET OPERATING PROFIT OR LOSS	1,758,440	5.79		5.44
FINANCIAL INCOME & EXPENSE				
Interest Earned	22,899	.07		.07
Discounts Earned	23,879	.08		.39
Miscellaneous Income	164,417	.54		.44
TOTAL FINANCIAL INCOME	211,195	.69		.90
Interest Expense	262,717	.86		.41
Discounts Allowed	6,147	.02		.25
Miscellaneous Expense	42,251	.14		.27
TOTAL FINANCIAL EXPENSE	311,115	1.02		.93
NET FINANCIAL INCOME OR EXPENSE	* 99,920	* .33		* .03
NET PROFIT OR LOSS (Before Fed. Income Taxes)	1,658,520	5.46		5.41

* Indicates Financial Expense in Excess
of Financial Income.



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APPENDIX "I"

CLASSES OF PEOPLE EMPLOYED

Printing of periodicals in Canada results directly in the employment by printing and allied graphic arts firms of many different categories of workers, of whom the great majority are skilled craftsmen and craftswomen. These are some of them:

Management Personnel
Administrative "
Clerical "
Sales "
Mechanical Supervisory Personnel
Commercial Artists
Typographic Designers
Photographers
Copy Writers
Proofreaders
Hand Compositors
Machine Compositors
Caster Operators
Caster Runners
~~Stonemen~~
Pressmen, Letterpress
" , Litho
" , Rotogravure
Pressmen's Assistants
Press Feeders
Bookbinders
Bindery Machine Operators
Collators
Cutters & Trimmers
Addressing Machine Operators
Photoengravers
Electrotypers
Stereotypers
Offset Platemakers
Offset Opaquers, Strippers & Etchers
Cylinder Etchers
Typesetting Machinists
Apprentices
Maintenance Men
Cleaners
Stockroom Helpers
Lift Operators
Shippers & Mailers
Messengers
Truck Drivers



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COPY OF SUBMISSION PRESENTED TO THE GOVERNMENT
OF CANADA BY YOUR NATIONAL ASSOCIATION ON SEPT.29

September 29, 1960.

Rt. Hon. J. G. Diefenbaker, P.C., M.P.,
Prime Minister of Canada,
Ottawa, Ontario.

Dear Mr. Prime Minister:

By unanimous resolution of the annual convention
of the Graphic Arts Industries Association, held
a fortnight ago in Winnipeg, we are instructed
to place before you certain observations, opinions,
and recommendations.

These have to do with the Government Printing
Bureau. For reasons which will become obvious,
we have sought the opportunity to see you today,
with the Acting Secretary of State.

Most of this submission concerns itself with
conditions and considerations which, in our
view, should be taken into account in formula-
ting public policy at the highest level.

Some aspects might well merit reference to
the newly-appointed Royal Commission on
efficiency in governmental activities.

This submission concludes with two specific
recommendations, which would require immediate
Government action if accepted, and brief
explanatory comment.

* * *



1 This Association embraces all local and re-
2 gional associations of employing printers
3 from coast to coast. These include in their
4 membership more than 500 producing plants
5 engaged in all printing processes, typesetting,
6 platemaking, binding, and related work. A
7 number are also publishers - of newspapers,
8 periodicals, and books. With the exception
9 of a few religious organizations, all are
10 taxpaying enterprises. Printing is their
11 common concern. Our membership list is
12 attached hereto.

13 This being a highly competitive industry,
14 subject to foreign competition of a char-
15 acter and extent unmatched in any other
16 country, we believe that our own Govern-
17 ment should refrain zealously - as a matter
18 of fixed policy - from itself competing with
19 taxpaying Canadian printers.

20 Moreover, we hope public policy will be
21 directed more and more to the encouragement
22 and support of the industry. Of many reasons
23 that could be cited, perhaps these three
24 deserve priority:

- 25 1. The graphic arts, including publishing,
26 employ more Canadians than any other
27 manufacturing industry, in approximately
28 3,400 plants established in every province,
29 and in almost every municipality. This
30



1 in all regions.

2 2. This industry pays, overall, the highest
3 wages of any non-seasonal manufacturing
4 industry; and it employs more creative
5 and skilled Canadians than any other
6 industry, to the best of our knowledge
7 and belief.

8 3. The printed medium remains the major force
9 in moving the goods and services of all
10 other Canadian businesses and industries.

11 The conventional printing trades employed
12 68,248 persons in 1957. Other commercial
13 printing operations - in packaging, miscellaneous
14 paper goods, etc. - employed approximately
15 25,000 more.

16 In addition, the industry directly supported
17 at least 50,000 other Canadian workers from
18 coast to coast. These were engaged in logging;
19 papermaking; ink manufacture; equipment manufac-
20 ture; selling of machinery, equipment, paper,
21 ink and other supplies; transportation of mach-
22 inery, equipment, raw materials, finished products,
23 etc.; wholesale and retail distribution of finished
24 products; postal services and other Government
25 departments.

26
27 If the CNR Research & Development Department re-
28 port, "What Increased Manufacturing Employment
29 Means to Community Growth," is correct in
30



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1 finding that manufacturing employment of 100
2 increases other employment by 117, and if we
3 use this as a "yardstick" (which strikes us as
4 credible and reasonable), this industry in-
5 directly supports 167,600 Canadian workers in
6 other fields.

7 Thus 310,848 persons or thereabouts owe their jobs
8 to printing in Canada; so that it may be
9 inferred at least 1,250,000 Canadian men,
10 women and children get their daily bread and
11 butter because of printing, publishing, and
12 the allied enterprises, in full or in part.

13 This is a shining example of a secondary
14 industry supporting both primary and tertiary
15 industries.

16 * * *

17 Yet there is no guarantee that individual firms
18 will survive and prosper. Adequate profits
19 must be earned to maintain and expand employment -
20 and to permit plant renewal. We are going
21 through an era of technological change without
22 precedent since the time of Gutenberg. This
23 compels heavy borrowing and spending by individual
24 firms to hold their competitive positions.

25
26 When wages, other costs, and foreign competition
27 are all in the ascendant, the sympathetic under-
28 standing and active support of our Government
29 become all the more necessary and urgent.
30



1 These preliminary comments, by way of back-
2 ground and explanation, are made because so
3 many facts and conditions are beyond the
4 control of the industry, but, in varying
5 degree, can be altered by Government - and
6 only by Government. The purpose of this
7 submission will be better understood in
8 the larger frame of reference.

9 * * *

10 Originally created to print for Parliament,
11 the Government Printing Bureau today manu-
12 factures scarcely one-tenth of its output for
13 Parliament. Much of the current production
14 reflects a "build-up" during the past decade
15 to justify the great new building in Hull.

16 Our conviction is that, in substantial mea-
17 sure, work has expanded to fill the time
18 and space available, and to secure maximum
19 production from new personnel and new
20 machinery.

21
22 While the report of the Queen's Printer for the
23 fiscal year 1959-60 has not been published,
24 the report for 1958-59 was published after
25 another delegation from our Association visited
26 you in April, 1959.

27
28 That report reveals a record production by Govern-
29 ment printing presses (in the Bureau and its
30 numerous field units across the country) of



1 \$9,122,714.

2 The commercial value of this output would be
3 \$13,032,448, on the basis of the Assistant
4 Queen's Printer's conviction that Printing
5 Bureau costs approximate 70% of commercial
6 prices.

7
8 Five years earlier, the internal production
9 of the Bureau was given as \$5,197,920.

10 It will be seen that, from the 1953-54 base,
11 there was a 75% leap in the internal manu-
12 facturing - or, in the simplest terms, a
13 growth of 15% per year.

14 During the same period, from 1953-54 to 1958-
15 59, the value of orders from the industry
16 was reduced from \$5,765,861 to \$5,531,906.

17 Bearing in mind increased costs, it is
18 obvious that the reduction of physical
19 volume purchased was much larger than this
20 dollar reduction suggests.

21
22 Heavily increased internal manufacturing, plus
23 decreased orders from taxpaying printers,
24 steps up the pressure upon the commercial
25 firms to fight for other business - and
26 narrows the profits essential to their success.
27 Can this be the desire of our Government?

28 * * *



1 The nature of many publications printed by the
2 Bureau has often been attacked, in Parliament
3 and elsewhere, on the score that these should
4 not have been printed at public expense. On
5 numerous occasions, we have had to agree. Yet,
6 if such publications are going to be printed
7 at public expense for public sale or distribu-
8 tion, most - if not all - should be printed
9 by taxpaying industry.

10 It is rarely that these publications assume
11 a genuinely confidential character. It is
12 rarely that urgency demands they be printed
13 on an overnight basis.

14
15 Indeed, most departmental reports - including
16 that of the Queen's Printer - could well
17 be produced by commercial industry.

18 We challenge any contention that the major
19 part of the Bureau's output is urgent,
20 or secret, or confidential, or all three.

21 On the score of confidence and secrecy, it
22 should be remembered that it is normal for
23 commercial printers to undertake a great
24 deal of confidential printing for their
25 customers. They must be just as zealous
26 as the Printing Bureau to guard the confi-
27 dential character of work done, or they
28 risk losing their customers.
29
30



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1 With regard to security printing, it may
2 be pertinent to note that the Government
3 has relied for many years upon two of
4 our member firms to print Canada's paper
5 currency. They comply with the strictest
6 requirements of Government.

7 We challenge also any contention that,
8 in the end, printing within the Bureau
9 is significantly cheaper on the average
10 for the Government or the Canadian
11 taxpayer.

12 If we accept the assertion that the Bureau's
13 costs are about 70% of industry prices, and
14 then take into account all the public expense
15 incurred because of the Bureau but charged
16 to other departments, and the loss of
17 public revenue in corporation and local
18 taxes, loss of postage, and other factors,
19 the public is not gaining anything. The
20 contrary almost certainly holds true:
21 In the long run, the public loses.

22
23 The Royal Commission on efficiency in the
24 Government might well study the effect of
25 efforts to encourage the belief it is
26 cheaper to print within the Printing Bureau.
27 This notion, coupled with the Bureau's
28 program of promoting sale of Government
29
30



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1 publications, undoubtedly has helped to
2 induce many branches of the public service
3 to publish an ever-swelling flood of folders,
4 pamphlets, reports, and books, More and
5 more writers, editors, and public relations
6 personnel have been hired to maintain this
7 flow.

8 While we love to see more printing done, as
9 taxpayers we question the wisdom and the
10 great cost of uncontrolled expansion of
11 such Government publishing. Efficiency
12 and economy do not appear to have been given
13 adequate emphasis.

14 * * *

15 The logical question as to the Printing Bureau,
16 in all its ramifications, is, "Will the next
17 ten years be like the last ten years?" Or
18 even this, "Will the next five years be like
19 the last five years?" We fear that they will
20 be - unless our Government changes the trend.

21 Our best available clues to previous policy
22 are:

- 23
- 24 1. The rapid expansion of internal manu-
25 facturing (and publishing) - reflected
26 in physical volume, dollar volume,
27 employment in the Printing Bureau,
28 and a truly remarkable list of Govern-
29 ment publications.
 - 30 2. The containment and reduction of orders



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from the taxpaying commercial industry.

We ask for a reversal of each of these two trends, by means of early and positive measures. Our recommendations below indicate an approach which we believe to be moderate, sensible, and necessary.

The idea of large-scale Government manufacturing, without any defined limits, is diametrically opposed to the Canadian way of life, and to the good and welfare of the industry affected. It can be depended upon to engender resentment throughout the industry. It transforms the role of Government from public service to subsidized competition with all who are employed in taxpaying industry.

* * *

(HERE FOLLOWED TWO SPECIFIC RECOMMENDATIONS WHICH, IT WAS AGREED SHOULD BE KEPT IN CONFIDENCE WHILE THE GOVERNMENT HAS AN OPPORTUNITY TO STUDY THEIR LIKELY EFFECTS AND MERITS.)

Therefore, we now urge immediate Government implementation of the two specific recommendations above...

On behalf of the Graphic Arts Industries Association,
Respectfully submitted,

G. S. N. Gostling
President



(Other members of the delegation were Pierre
Begin, Montreal, vice-president, GAIA; N.A.
MacEachern, Toronto, treasurer; Ed. Roberts,
Montreal, past president; Gaston Boulanger,
vice-president, L'Association des Maitres-
Imprimeurs de Montreal, and Jean Gillet,
manager, A.M.I.; David Maclellan, general
manager, GAIA; and Michel Chevalier, con-
sultant.)



1
2 ---EXHIBIT NO. 0-11-60: Brief of Graphic
3 Arts Industries
4 Association.

5 ---EXHIBIT NO. 0-12-60: Collection of printed pieces

6 ---EXHIBIT NO. 0-13-60: Pictures, accompanied
7 by explanatory notes.

8 MR. MACLELLAN: I might note, Mr. Chairman,
9 that the concluding piece of Exhibit 0-13-60 violates
10 the Marketing Act.

11 THE CHAIRMAN: Thank you, Mr. Maclellan.
12 Will you be here tomorrow morning to answer
13 questions?

14 MR. MACLELLAN: Yes.

15 THE CHAIRMAN: This meeting stands adjourned
16 to 10.30 tomorrow morning.
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ROYAL COMMISSION ON

Publications

HEARINGS

HELD AT
OTTAWA

VOLUME No.:

2

DATE:

NOV 15 1960

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E R R A T A

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Vol. 2, pp. 19a, Delete: Lines 2 to 10.

Substitute: "Mr. Chairman, if I might make an interjection, I would like to say at this time that our magazines on balance made a profit last year. Our submission indicates that we suffered a loss on our magazines in the decade ending with the year 1960, and that we expect a deficit for the year 1960."

Vol. 2, pp. 27, line 5: Delete "magazine"

Substitute: "Canadian Home Journal"

line 30: Delete: "Ladies Home Journal"
Insert: "Canadian Home Journal"

pp. 28, line 3: Delete: "bill"
Insert: "build"

pp. 29, line 8: **Insdrft:** in the United Kingdom before the words the British Printer

line 9: Delete: "British Rate Data"
Insert: "British Rate and Data"

pp. 32, line 3: Delete: "done"
Insert: "bound"

pp. 33, line 9: Delete: "magazine"
Insert: "non-magazine"

pp. 39, line 10: Delete: "devocating"
Insert: "abdicating"

pp. 44, line 1: Delete: "-44-"
Insert: "-45-"

pp. 45, line 1: Delete: "-45-"
Insert: "-44-"

line 24: Delete: "Russell Roberts"
Insert: "Robert Thomas Allen"



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2
3 ---On resuming at 10:30 A.M., Tuesday,
4 15th November 1960.

5 THE CHAIRMAN: Mr. Maclellan, are you
6 ready to answer some questions?

7 MR. MACLELLAN: I am ready to do my
8 best, Sir.

9 I wonder if I might enter on the record
10 that our President, Brigadier Gosling was able
11 to get here late last night and is here attending
12 today.

13 COMMISSIONER BEAUBIEN: On Page 4,
14 Paragraph 19, of your brief you talk about compe-
15 tition from the United States among other things,
16 and the fact that university year books are being
17 printed in the United States. Why is that?
18 Is it because prices cannot be met?

19 MR. MACLELLAN: Yes, this is part of
20 the answer. As I have indicated, the United States
21 industry can specialize profitably before we can
22 in some lines, and this is an excellent example.

23 A year book house in Kansas City can
24 approach McGill University, for example, and
25 offer a selection of bindings for a year book
26 which have already been designed for use by American
27 schools. The editor for the McGill Year Book
28 might pick a binding already used by the Univer-
29 sity of California or some other institution.
30 There might be the same dividing pages for the

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3 various faculties or sports activities. Here you
4 have an area of work already done in design
5 and in engravings. There may be minor changes
6 as to wording and so forth, but this work has
7 already been done. The result is that they can
8 undersell the Canadian printer who must originate
9 a new design or binding, dividing pages and
10 has to make engravings, so it is one area in
11 which you have a substantial difference in cost.

12 These year books also enter the country
13 duty free and tax free. We would certainly feel
14 they should be subject to sales tax. They carry
15 advertising. The McGill Year Book two years
16 ago cost something like \$11 per copy. This is
17 not cheap; it is an expensive production.

18 The better school and university year
19 books in Canada today, or the majority, are printed
20 in the United States. It is an excellent example
21 of how we are losing out.

22 COMMISSIONER BEAUBIEN: Would you say
23 that generally speaking the print costs in the
24 States are lower than in Canada?

25 MR. MACLELLAN: Generally speaking they
26 would perhaps tend to be somewhat lower. There
27 are exceptions, of course, but generally speaking
28 yes. I might add here that later in our brief
29 there is a reference to the sales tax on general
30 commercial work. We have the 11 per cent federal



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2 tax and also local tax added to that in some
3 cases.

4 COMMISSIONER BEAUBIEN: Are wages in
5 the States much higher?

6 MR. MACLELLAN: Wages would tend to be
7 higher in the United States. Ours are following
8 the American pattern.

9 COMMISSIONER JOHNSTON: Mr. Maclellan,
10 I wonder if you would mind giving us a little
11 background. Are you a printer, an association
12 manager, a full time association manager or
13 what?

14 MR. MACLELLAN: My background is mixed.
15 I have been in publishing and editorial work
16 mainly for over 25 years . I have always been
17 close to printing and for a number of years
18 I was editor and manager of Canadian Printer and
19 Publisher, which was the leading paper for the
20 print industry in Canada. As a result I became
21 involved in the industry's affairs and I was asked
22 to become manager of the Association. I do have
23 the distinction of being an honorary member of
24 the Montreal Club of Printing House Craftsmen
25 and an honorary member of the Society of
26 Typographic Designers.

27 COMMISSIONER JOHNSTON: How do you
28 run your association? I am referring to the
29 nature of the fees. Is it based on employees,
30 the number of employees or what?

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3 MR. MACLELLAN: The membership dues
4 of the printing companies are based upon the
5 number of mechanical employees.

6 COMMISSIONER JOHNSTON: Then you have
7 a number of affiliated associations; is that so?

8 MR. MACLELLAN: Yes.

9 COMMISSIONER JOHNSTON: I notice that
10 one of your members is quite well known in the
11 publishing business -- Maclean's. Where do
12 they rank as members of the Graphic Arts Associa-
13 tion. Are they first, second, in the first ten,
14 or where do they come in?

15 MR. MACLELLAN: From the standpoint
16 of commercial printing they would be one of
17 the medium sized plants. Commercial printing
18 is a smaller phase of their operation. A number
19 of our members are much more substantial in
20 the field of commercial printing.

21 COMMISSIONER JOHNSTON: But their member-
22 ship in your Association would be based upon the
23 total number of mechanical employees?

24 MR. MACLELLAN: Yes. I might explain
25 that our membership due structure is under review
26 at the moment, so what I say today might be
27 changed at the first chance.

28 COMMISSIONER JOHNSTON: One thing I have
29 noticed through the years of "buy Canadian" con-
30 ciousness, we get so many calendars in this



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3 country printed in the United States of America.
4 Most of them will have the United States holidays
5 on them and they do not always correspond with
6 ours. Is there any particular reason for that
7 or is it just the greater aggressiveness of
8 the United States salesmen?

9 MR. MACLELLAN: We have an example
10 in the fact that the United States has a more
11 highly developed economy and they were in
12 this business more substantially before we
13 were. We are capable of making calendars, but
14 many American companies specialize in this field
15 and were doing it profitably before Canadians
16 could get in. We do have companies such as
17 Rolph Clark Stone and Lawson & Jones and others
18 which are very active in the calendar field.

19 COMMISSIONER JOHNSTON: I was not
20 alluding particularly to what I think is sometimes
21 called "barber shop art"; I was alluding to
22 the calendar that is on my desk at this moment
23 made in the United States of America, it is just
24 a plain card with the dates marked off. I wonder
25 if you could not produce them just as economically
26 here as in the States. There is a duty on
27 them, I suppose.

28 MR. MACLELLAN: They do produce them and
29 I can assure you that we have a number of
30 firms selling calendars very energetically,

1. The first part of the paper is devoted to a general discussion of the problem.

2. In the second part, we shall consider the case of a single particle.

3. The third part is devoted to the case of a system of particles.

4. In the fourth part, we shall discuss the results of our calculations.

5. The fifth part is devoted to a comparison of our results with the results of other authors.

6. In the sixth part, we shall discuss the physical meaning of our results.

7. The seventh part is devoted to a conclusion.

8. In the eighth part, we shall discuss the prospects of further research.

9. The ninth part is devoted to a bibliography.

10. In the tenth part, we shall discuss the results of our calculations.

11. The eleventh part is devoted to a conclusion.

12. In the twelfth part, we shall discuss the prospects of further research.

13. The thirteenth part is devoted to a bibliography.

14. In the fourteenth part, we shall discuss the results of our calculations.

15. The fifteenth part is devoted to a conclusion.

16. In the sixteenth part, we shall discuss the prospects of further research.

17. The seventeenth part is devoted to a bibliography.

18. In the eighteenth part, we shall discuss the results of our calculations.

19. The nineteenth part is devoted to a conclusion.

20. In the twentieth part, we shall discuss the prospects of further research.

21. The twenty-first part is devoted to a bibliography.

22. In the twenty-second part, we shall discuss the results of our calculations.

23. The twenty-third part is devoted to a conclusion.

24. In the twenty-fourth part, we shall discuss the prospects of further research.

25. The twenty-fifth part is devoted to a bibliography.

26. In the twenty-sixth part, we shall discuss the results of our calculations.

27. The twenty-seventh part is devoted to a conclusion.

28. In the twenty-eighth part, we shall discuss the prospects of further research.

29. The twenty-ninth part is devoted to a bibliography.

30. In the thirtieth part, we shall discuss the results of our calculations.



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2 but this is not to say that an American firm
3 will not reach your door before a Canadian
4 firm.

5 COMMISSIONER JOHNSTON: You say
6 the enormous preponderance of United States
7 publications in Canada today did not come about
8 naturally. Do you not think that statement needs
9 some explanation?

10 MR. MACLELLAN: Yes, it does. As I
11 have indicated, some 30 odd years ago there
12 was an extremely energetic campaign started
13 by many American publishers to build a Canadian
14 circulation. It was at that time that they
15 went into every province of Canada, mainly in
16 the summertime, with crews of college students --
17 I will not say they were all college students.
18 I have some personal knowledge of this. I
19 saw these people work. I spent some time with
20 one of these magazine crews. The standard
21 routine every day was for the boys to compare
22 notes. They had to meet their targets. They
23 used all the arguments that were supplied to
24 them by the crew manager, who came from the
25 United States -- and perhaps they added some
26 of their own. It was a very determined effort
27 to build circulation in Canada and it has
28 been continued every since.

29 COMMISSIONER JOHNSTON: The Canadian
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2 publishers did not utilize such methods?

3 MR. MACLELLAN: I would not say that
4 at all.

5 COMMISSIONER JOHNSTON: Do you
6 remember anything about the magazine "Digest"?

7 MR. MACLELLAN: Yes, it was printed
8 in Canada and eventually it sold to an American
9 company. Finally it died.

10 COMMISSIONER JOHNSTON: Would you
11 suggest that this arrangement which goes back
12 to 1923, which prevents popular Canadian
13 authors from having their books printed in the
14 States in quantity, could be and should be
15 changed?

16 MR. MACLELLAN: I understand this
17 would be automatically eliminated if Canada
18 would subscribe to the Universal Copyright
19 Convention. Some years ago there was a Royal
20 Commission on Patents and Copyrights. The
21 report has been in the hands of the Government
22 for some time, and I believe there is some
23 possibility that recommendations may be intro-
24 duced in the next Parliament. I have no positive
25 knowledge of this but I understand it is so.

26 However, it has been dragging on for
27 quite a long time. The alternative perhaps
28 would be for Canada to seek the co-operation
29 of the United States in rescinding this
30



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2 stipulation because it is an entirely one-sided
3 arrangement. We believe it should be eliminated
4 by whatever means are available for it to be
5 eliminated.

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7 COMMISSIONER JOHNSTON: You do not
8 remember the history of it? How did it come
9 about?

10 MR. MACLELLAN: No, I do not know all
11 of the history. This matter of copyright is
12 a very complicated subject. The effects are
13 entirely adverse to Canadian interests.

14 COMMISSIONER JOHNSTON: I was going
15 to ask you if you thought the problem of the
16 Canadian commercial printer might be helped
17 if the rates of duty were increased, but I
18 suppose the answer to that is yes.

19 MR. MACLELLAN: Yes, sir, we have
20 many types of printing which enter Canada
21 duty free -- books for educational purposes,
22 technical books and many others are duty free,
23 and in other cases the duty is low and does
24 not represent effective protection nor does
25 it produce much revenue for the Government of
26 Canada. There are many examples of books and
27 other printed items, coming in at a declared
28 value far below the real value and the duty derived
29 from that must be negligible in terms of
30 revenue to the Government or protection to the
industry.



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2 COMMISSIONER JOHNSTON: The over-runs and
3 long run in the States of 2,000 ...?

4 MR. MACLELLAN: Yes. This is one example.
5 Also, of course, I have submitted an album of
6 photos taken in a Canadian book store and you will
7 notice many books and other printed items there
8 that are selling at a very low price in terms of
9 their actual cost. But, I asked the question of
10 myself: What was the declared value and, therefore,
11 what was the duty? In many cases, it must have been
12 very low. In the case of over-runs, we feel very
13 strongly that there should be, perhaps, a very high
14 tariff. Here, you have American companies operating
15 in Canada through subsidiaries. The parent, perhaps,
16 prints a million copies of a sales piece. A
17 Canadian company perhaps takes 10,000 or 20,000
18 at a very low cost. In fact, it is possible that
19 the Canadian company may not be charged at all. The
20 parent company may absorb the entire cost. They
21 would simply ship those over. It is hard to tell
22 what the valuation is coming through customs, but
23 it is extremely cheap for the subsidiary company and
24 you can see why, therefore, there is very little
25 temptation to use the Canadian printing industry.

26 COMMISSIONER JOHNSTON: Have you any history
27 of that 1931 legislation? What effect did it have,
28 other than political effect?
29
30



Maclellan,

- 116 -

MR. MACLELLAN: Well, it had the immediate effect of reducing the number of American publishers to print in Canada. As I mentioned yesterday, by 1933, 52 of them were printing in Canada. I would suggest that if there were some inducement today for them to do so, we might have 75 or 100 or more American magazines being printed in Canada. They are seriously interested in this market and they are anxious enough to do business in Canada and print here.

We can cite the example, not only of the Digest, but now we have Time proposing to print in Canada. I believe it will be a year or so before they are actually printing here, but this is their intention.

Time prints in Australia and in New York. I believe Time printed in Cuba. It is not doing so now.

They want to do business here and we believe that they take enough money out of this country to do their printing here.

COMMISSIONER JOHNSTON: You say in paragraph 98 of your brief: "On general commercial work, the Canadian printer must charge and collect and remit the 11 per cent federal sales tax. Once 2 per cent, this tax applies to profit as well as cost." It entered my mind that that tax was 1 per cent?



1
2 MR. MACLELLAN: No, sir. It was increased
3 by 1 per cent not very long ago. It used to be 10
4 per cent and it was increased to 11 per cent

5 COMMISSIONER JOHNSTON: When it started it
6 was 1 per cent?

7 MR. MACLELLAN: You may be correct. I do
8 recall it was 2 per cent.

9 COMMISSIONER JOHNSTON: I have heard an
10 argument of printers that it should not apply to the
11 printing -- it should to the paper and any of the
12 materials?

13 MR. MACLELLAN: Yes.

14 COMMISSIONER JOHNSTON: One of the comic
15 printers argued that if the Government needed money
16 that it was only 1 per cent...

17 MR. MACLELLAN: Here we are very concerned --
18 this is what I would call an escalator tax. It is
19 entirely conceivable that the way things are going,
20 in the next few years it may be 15 or 17 per cent.
21 This is a very serious factor in reducing purchasing
22 power and inhibiting employment.

23 COMMISSIONER JOHNSTON: Is there much import
24 of printing from foreign countries, other than the
25 United States or from Britain?

26 MR. MACLELLAN: Yes.

27 COMMISSIONER JOHNSTON: You mentioned Britain,
28 Holland and Japan?

29 MR. MACLELLAN: Yes, sir. There is, and
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2 it is growing. It is mainly from the United States,
3 of course. We not only have printing coming in
4 from other countries, but engraving and other work.

5 Last Friday I was telephoned by a Montreal
6 printer who said: "What are we going to do?"
7 One of his competitors, quoting on the same job, was
8 bringing engravings in from Switzerland, which
9 represented a saving of something like \$1,500 or
10 \$1,800 on the job, and he said he wanted to use a
11 Canadian engraver, and he felt he should. How was
12 he going to contend with this?

13 I might add that times have changed and
14 nowadays engravings and art work can travel by air
15 in a matter of hours and we have positive indications
16 of interest by Japan, and they can ship work into
17 Western United States or Western Canada in a very
18 short period of time and I think that our tariffs,
19 our legislation should be related to the times we
20 are living in.

21 COMMISSIONER JOHNSTON: Thank you, Mr.
22 Chairman. That is all I have.

23 COMMISSIONER BEAUBIEN: I cannot find it
24 right now, but you mentioned in your brief somewhere
25 that the restrictive quota of companies printing in
26 Canada and in the United States. These companies
27 are allowed to do printing in Canada without loss
28 of revenue?
29
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1
2 MR. MACLELLAN: Yes, sir.

3 COMMISSIONER BEAUBIEN: What is the story
4 behind that? Would you enlarge on that? What is the
5 history behind that?

6 THE WITNESS: I might quote here, sir,
7 from Appendix K, which is not attached to all copies
8 of the brief, because we only had limited copies of
9 this correspondence, but Mr. John Irwin, President
10 of the Book Society of Canada, writing to the Minister
11 of Labour, and he was also corresponding with other
12 members of the Government, says this:

13 "May I remind you that in the present
14 situation, a Canadian publishing company
15 cannot export more than 1,500 copies of a
16 book into the United States without losing
17 copyright ownership, and this has reacted
18 in various ways inimical to Canadian
19 publishing and Canadian labour. Might
20 I cite an instance as far as this small
21 publishing firm is concerned?

22 Some years ago, we published a series
23 of work books, some of which are manufactured
24 in Oshawa, and some in Toronto. We were
25 able to influence a United States firm
26 to promote these books in the U.S., but
27 because of the present copyright arrange-
28 ment, we had to permit this U.S. firm to
29 manufacture the books in the U.S., receiving
30



1
2 "for ourselves and the author only a
3 small royalty. This series has been
4 very successful and about 2 million copies
5 have to date been manufactured in the
6 United States. It is expected that 500,000
7 will be manufactured in 1960 alone, and
8 that this number will increase from year
9 to year if the present trend is maintained.

10 At a manufactured cost of 10 cents
11 a piece (they are not full-sized books)
12 you can see that in this one instance
13 alone, each year \$50,000-worth of paper
14 and printing (about half and half) are
15 being produced by U.S. workmen instead
16 of by Canadians, and we, the publishers,
17 have no publisher's profit, merely the
18 small royalty per copy sold."

19
20 THE CHAIRMAN: Mr. Maclellan, on page 5
21 of your submission, paragraph 25, you speak of
22 restrictive U.S. quotas and other devices, including
23 valuation of the editorial content to increase
24 duties. Have you examples of how this works out?

25 MR. MACLELLAN: I first heard about this
26 within recent months. Some Toronto printers had
27 mentioned running into this problem, but then I
28 discovered that the Reader's Digest had experienced
29 this and Reader's Digest in the United States was
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3 in difficulty and wanted to print some sections of
4 an American edition in Montreal. They were fairly
5 far advanced in their planning when somebody thought
6 of checking with the U.S. Customs. They discovered
7 that if these magazine sections printed in Canada
8 were shipped into the United States, there would be
9 a duty ranging between 15 and 25 per cent and that
10 the editorial content would be valued in order to
11 appraise the duty; whereupon, the Reader's Digest
12 dropped the whole proposition.

13 Now, we know of other things that have
14 been done in the past, including publications being
15 printed in Canada for American publishers, and these
16 were held up at the border. Let us say the November
17 issue was delivered to the border and would be held
18 up for weeks ...

19 THE CHAIRMAN: November issue of what?
20 What sort of a publication?

21 MR. MACLELLAN: This, I believe, was a
22 business publication and it would be held up for weeks
23 until the issue was stale and, of course, the
24 publisher lost out very seriously and it was
25 finally forced to take its printing back to the
26 United States.

27 THE CHAIRMAN: Have you any specific
28 evidence of that, or is this just something you
29 heard?
30



MR. MACLELLAN: I heard this in connection with Maclean-Hunter Publishing Company. I do not know whether ...

THE CHAIRMAN: Well, we can find out.

MR. MACLELLAN: This happened some years ago, sir.

THE CHAIRMAN: That is all, Mr. Maclellan. Thank you very much.

MR. QUINN: Mr. Chairman, it appears that the three exhibits of the Graphic Arts Industries Association have not been entered into the record. I would like your permission to do that now.

---EXHIBIT NO. 0-11-60: Graphic Arts Industries brief.

---EXHIBIT NO. 0-12-60: Bundle of literature.

---EXHIBIT NO. 0-13-60: Album of photographs.

MR. GOSTLING: I do not know if I am out of order, but I would like, if I might have your permission, to make one point a little clearer.

THE CHAIRMAN: Will you identify yourself and for whom you are speaking.

MR. GOSTLING: My name is Gostling. I am President of the Graphic Arts Industries Association of Canada.

THE CHAIRMAN: You may sit, if you like.

MR. GOSTLING: Thank you. There was a question asked by Mr. Johnston which I think may



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3 be interpreted or misinterpreted. He asked the
4 basis on which the fees of our association are
5 assessed and suggested that one of the large publishing
6 companies, who is a member of our association --
7 the inference I got from it, anyway, and I presume
8 that other people may have got, was that they might
9 pay an unusually high fee for membership in our
10 organization, and by looking at the brief, you
11 might draw the conclusion that that might put an
12 undue amount of influence in our association.
13 That is the point I would like to clear up.

14 Our association consists of 15 local
15 and regional associations, mainly of small and
16 medium size printers. We have some very large
17 printers, also members, but we have a limit. While
18 we base our fee initially on these mechanical
19 employees we have a minimum. A one-man shop has
20 to pay a certain amount. Likewise, we have a limit
21 at the other end, and it is a very moderate limit.
22 The medium size companies, in effect, and the largest
23 companies would be paying approximately the same
24 fees and the point that I am trying to get across
25 is that there is no one organization, however large,
26 that contributes enough to this Association that
27 it should be considered, in the remotest degree,
28 to have any influence financially on our Association,
29 other than that we would be glad to have all the
30 members that we can get. I did want to make it



1
2
3 clear, because we do not represent one particular
4 group of the printing industry. Our members are
5 made up not only printers, but also of allied
6 printers, typesetters and trade houses of one sort
7 and another.

8 THE CHAIRMAN: Thank you, sir.

9 MR. ~~COTTELL~~: It has been brought to my
10 attention, if I may say, that the company that was
11 mentioned has no representation on our boards,
12 in the offices of the Association.

13 THE CHAIRMAN: Gentlemen, I think we will
14 adjourn for a few minutes.
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SUBMISSION

to the

ROYAL COMMISSION ON PUBLICATIONS

by

BUSINESS NEWSPAPERS ASSOCIATIONS OF CANADA

SECTION I

INTRODUCTION

1. The submission presented by Periodical Press Association covers all Canadian periodicals. The purpose of this submission is to acquaint the Commission with the competitive situation facing Canadian business publications in particular and with the vital contribution of the business press in the economic and cultural development of Canada.
2. In so doing, this Association expresses the hope that the Commissioners will recognize that the effectiveness of Canada's business press in helping to develop a truly Canadian identity in business, the professions and trades depends to a large extent on the maintenance of prosperity in the business publishing industry.

CANADA'S BUSINESS PRESS

3. There are now 430 Canadian business publications being published. They cover all classifications of business and industry; they include an increasing number of specialized publications which serve specific segments of industry. These 430 periodicals have a total circulation per issue of 2,731,269 with a readership representative of the

total Canadian business and professional population. Advertisers invest more than \$30 million per year, in these publications. However, it should be noted here that the average revenue for a Canadian business paper is, therefore, less than \$70,000 per year.

4. The principal publishing centres for Canadian business papers are Toronto and Montreal; there are, however, substantial companies and publishing groups in Vancouver and Winnipeg. While most of these publications are national in their circulation and coverage, there are many regional publications which are strong in their particular areas; in Quebec, of course, these publications are in the French language.

Business Newspapers Association of Canada

5. BNA, the industry association, has stringent membership requirements. The 144 publication members of BNA (15 French-language) are of bona fide Canadian ownership: they do not promote the special interests of one business house or a combination of business houses in competition with others in the same field of endeavour; they present annually evidence of a circulation audit; they are required to subscribe to the standards of practice and code of ethics of BNA which is an industry trade association set up to promote sound publishing practices.

See Appendix 1.

THE ROLE OF THE CANADIAN BUSINESS PUBLICATION

6. The purpose of the modern business publication might be described as:

- I. To collect and disseminate the experience of those engaged in a certain industry, profession or trade.
- II. To act as an interpreter of events, trends and developments.
- III. To serve as a leader of sound thought and policy.

Canada's business publications play a vital role in Canadian business, professional and industrial life; they are the principal medium of adult education and training and the principal source of practical information in many fields.

7. The rapid post-war industrialization and development of a complex business community in Canada has made the business executive more conscious than ever of the need for accurate information and sound interpretation. Business papers in this country have established themselves as recognized sources of reliable information and ideas -- latest inventions, newest developments and technological advances, new production methods, engineering and operating practices, progressive merchandising and retailing techniques, up-to-date economic thinking and policies. They gather information and attitudes from all corners of the country and as a result many individual decisions -- to buy, to invest, to build or to

renovate -- are influenced by the ideas and information gained in reading the business press.

It is the function of a good business publication to lead and guide industry thinking. Their importance to Canadian business and industry, indeed to Canada's general economy, cannot be over-stressed.

8. It is an acknowledged fact that Canada's business press is very definitely fulfilling its obligations in all regards. This is a long-founded, mature publishing medium, second to none in the world. Many of the present BNA member publications were started in the 1800's. CANADIAN PHARMACEUTICAL JOURNAL, 1868; CANADIAN JEWELLER, 1879; CANADIAN MINING JOURNAL, 1879; CANADA LUMBERMAN, 1880; ELECTRICAL NEWS & ENGINEERING, 1883; CANADIAN STATIONER & OFFICE EQUIPMENT DEALER, 1884; ENGINEERING & CONTRACT RECORD, 1885; CANADIAN GROCER, 1886; CANADIAN PRINTER & PUBLISHER, 1887; LE QUINCAILLIER, 1887; CANADIAN BAKER, 1888; HARDWARE MERCHANDISING, 1888; SHOE & LEATHER JOURNAL, 1888 -- just to name a few.
9. Following are a few examples to illustrate the kind of service and leadership previously referred to.

- (a) Last year a BNA member publication covering Canada's metal product manufacturing industry, undertook a national census of Canada's metalworking production equipment -- a monumental job, a job which neither government nor industry had ever done before. The census brought to light the surprising number of machines being used that were twenty years or more old; a big surprise to industry management, it being felt that Canada's younger industry would have more modern machinery in operation. The census revealed a vast market for production machinery, unsuspected before the job was done.
- (b) During this present year a BNA member publication serving all manufacturing industries in Canada has been running a consecutive series of articles under the heading "Management Administration and Production Control". These articles describe the operation of a hypothetical manufacturing company employing 500 to 1000 employees and processing a standard line of product or products. The headings of the twelve articles are as follows:

1. Personnel Organization and Duties
2. Planning Plant Layout
3. Company Policies and Objectives
4. Production Control Responsibilities
5. How to Handle Sales Enquiries
6. Design Engineering Production Control
7. Manufacturing Methods and Tooling
8. Basics of Industrial Engineering
9. Business Systems and Related Paperwork
10. Forward Loading
11. Work Scheduling
12. Material Control

It should be pointed out that this series of articles, as with the articles in all BNA member publications, is designed to serve the needs of Canadian industry specifically. To the best of our knowledge, corresponding information is not available to plant management personnel in this country and United States publications covering this field are written for companies considerably larger and with a completely different set of problems.

The publisher has estimated that, judging from the number of requests for reprints of this series of articles, even though the completed series has been in print for only two weeks, between 1500 and 2000 copies will have been requested and be in circulation

throughout Canadian industry by the Spring of 1961. Some companies have indicated that they will use the series as a handbook for the operation of their plant.

- (c) Under the heading "Red for Danger" a Western general business publication successfully exposed the dangerous situation resulting from the increase in Communist infiltration in West Coast unions.
- (d) A BNA member publication serving Canadian retailers in the fashion field realized that, in general, Canadian retailers did not give due recognition to Canadian fashion design. The publication, through a series of articles, impressed this upon the manufacturers and got them to support the establishment of the Canadian Couturier Association, which since has flourished and has, of course, been responsible for the acceptance of Canadian designs which nowadays are shown internationally.
- (e) A Canadian business magazine founded and annually sponsors Canada's largest trade exhibition -- the Canadian Furniture Mart -- which has become a major marketplace for the exhibition and purchase by retail buyers of furniture made in Canada.

- (f) A group of Canadian electrical business magazines were responsible for inaugurating the "Plantpower" programme -- an educational activity promoting adequate electrical systems designed to increase the safety and efficiency of Canada's industrial buildings. This programme has since been adopted as a technical service for industry by almost every major Canadian electrical distribution utility.
- (g) Another Canadian electrical magazine was responsible for the inauguration of a safe home-wiring programme, which has since been adopted by fire departments throughout the country, following a series of daily newspaper articles written by the business magazine's editors. In at least one province, changes in legislation for greater public protection resulted from this magazine's activities at the public and industry levels.
- (h) A Canadian plumbing and heating publication exposed the public hazards of unqualified installers of natural gas equipment. A series of articles by the magazine's editors -- both in the magazine and in the daily press -- resulted in new legislation and stricter control in the public interest.

- (i) A Canadian construction magazine last year published a special section on the problems and prospects of winter construction in Canada -- a peculiarly Canadian problem. This special section was later reprinted and distributed widely by the Canadian Construction Association and by the Federal Government as part of its programme to promote winter construction.
- (j) A Canadian packaging magazine was responsible for the foundation of one of Canada's largest trade and technical associations -- the Canadian Packaging Association, along with the major annual Canadian National Packaging Exposition.
- (k) A Canadian business publishing company provides a daily reporting service of construction contract awards. Published in a monthly business magazine, these are widely quoted and used in the industry, in the daily press and by the Dominion Bureau of Statistics as an authoritative source of data.
- (l) A BNA member publication serving the pulp and paper industry initiated and organized in 1959 an official visit to the USSR of a party of Canadian pulp and paper experts for

the purpose of assessing at first hand the manufacturing capabilities of the Soviet industry both present and in the future, as a factor in world export markets.

Selected in co-operation with the Canadian Pulp and Paper Association, the group, consisting of 40% top management and 60% operating and technical personnel, spent three weeks in Russia visiting the major pulp and paper plants and research institutions. Information gained as a result of this visit indicates that Soviet Russia could become a serious factor in world pulp and paper trade during the late 60's and early 70's.

10. These may seem extraordinary and dramatic examples of the service Canadian business publications render to Canadians. Yet this list can be duplicated one-hundred fold, in addition to the task of reporting in detail to Canadians about Canadian professions, technologies and business and providing a platform for Canadian technicians and professional men to address their colleagues on matters of importance.

11. It is a significant fact that the vital technical information contained in Canadian business papers is well-recognized throughout the world. Many thousands of subscriptions are sold outside of North America. In the development of a Canadian export trade, Canadian business publications have devoted many hundreds of pages to interpreting Government policy to business and industry.
12. The business press of any country provides the specialized information needed by business, trade and industry and the professions. In Canada this job has a far greater significance in the face of the tremendous flood of U.S. opinion and information to which the Canadian business community is exposed. The fact that Canada is a next-door neighbour, has a similar standard of living, with the language of the majority of its population the same and its industrial and commercial development running along the same lines, leaves Canadian business particularly vulnerable to U.S. influence.
13. Thus the importance of a truly Canadian business press in helping to preserve and develop Canadian business and industry cannot be overstressed. Yet it is a fact that Canadian business publications are being exposed to very strong and, in certain instances, unfair competition from foreign publications on a scale that is increasing and

that could eventually threaten the very existence of the Canadian business press.

FOREIGN COMPETITION

14. This competition takes two direct forms.

(a) An increasing volume of overflow circulation of U.S. publications.

(b) The advent of the so-called "Canadian" edition and the split-run technique, which leads to Canadian advertising dollars being spent in publications whose editorial content is almost entirely foreign.

15. The situation on overflow circulation will be dealt with under Section II -- see next page.

SECTION II

OVERFLOW CIRCULATION - See Appendix 2

16. The overflow circulation situation as it affects business publications is to the best of our knowledge unparalleled anywhere in the world. The following figures present the picture.

	<u>1949</u>	<u>1959</u>
Number of titles of U.S. business papers overflowing into Canada	510	1,497
Total Canadian circulation per issue of U.S. business papers overflowing into Canada	225,513	1,122,580

(Source: Standard Rate & Data Service)

17. This is an increase in ten years of 193% in numbers of titles, 398% of circulation per issue and very significantly an increase in the average circulation per title of 70%. It is a fact that present policy of U.S. business publishers is to increase their Canadian circulation as much as possible.
18. The effect of this overflow of U.S. business papers on Canadian postal services and operating deficits is of real concern to all Canadians and especially to Canadian publishers. The Canadian Post Office reports an annual deficit of considerable amount in carrying second class mail of all types -- foreign and domestic.
19. Canadian business paper publishers pay a premium rate of the equivalent of 5¢ a pound for their controlled circulation publications (i.e. almost

100% of all Canadian business publications) while a high percentage of the overflow of U.S. business publications noted above coming into Canada are mailed in the United States and carried free by the Canadian Post Office.

20. "Printers' Ink", the well-recognized U.S. publication covering advertising and marketing, had this to say in its June 17, 1960 issue:

"Watch for the larger business papers to start accenting their foreign circulations.

"They'll likely be promoting their overseas readership as a natural tool for building sales overseas.

And it's a sales tool that costs not a single extra cent -- because foreign readership comes as a bonus with the domestic circulation, the circulation that the advertisers have been paying to reach.

"The campaign should spark a responsive chord among advertisers. With sagging profit margins and tightening competition here, foreign markets stand out as the one bright hope of many an industrial corporation."

21. In 1958 the U.S. Postmaster-General announced a general increase in postal rates. In a later statement he made it known that "American newspapers, magazines, books and sheet music mailed abroad"

would pay less than the full new postal rates previously set. The idea, he said, was to "encourage continued growth in the world market for printed materials which spread American ideals, culture and facts abroad." Of the many millions of U.S. periodicals shipped abroad, 76% comes to Canada.

22. Most controlled circulation U.S. publications (those whose recipients are chosen by the publisher in a specific business or professional field) do not differentiate in any way between U.S. and Canadian distribution. A U.S. publication has this to say on its masthead:

"Machine Design is sent at no cost to management, design and engineering personnel whose work involves design engineering of machines, appliances, electrical and mechanical equipment in U.S. and Canadian companies employing 20 or more people."

23. The following examples certainly illustrate that where U.S. business publications solicit subscriptions they vary their U.S. and Canadian subscription prices very little while increasing them substantially to other foreign countries. There are many more.

<u>Publication</u>	<u>U.S. Sub- scription Price</u>	<u>Canadian Subscription Price</u>	<u>Foreign Subscription Price</u>
Purchasing Week	\$ 6.	6.	25.
Aviation Week & Space Technology	7.	8.	20.
Control Engineering	5.	5.	15.
Purchasing	4.	4.	20.
Modern Packaging	7.	7.	25.
Modern Plastics	8.	8.	25.
American Machinist	3.	4.	25.
Factory	2.	3.	25.
Chain Store Age	3.	4.	12.
Jewellers' Circular- Keystone	3.	5.	20.
Construction Methods & Equipment	3.	4.	15.
Pit & Quarry	3.	3.	15.
Chemical Engineering	3.	4.	25.
Electrical Construction & Maintenance	3.	5.	15.
Iron Age	2.	2.	15.
Electrical World	6.	6.	30.

EFFECT OF INCREASING INVASION OF U.S. BUSINESS PUBLICATIONS

24. The economic pattern of Canadian life is in danger of being dominated to a large extent by the sheer volume of advertising that spills over into Canada. This tremendous invasion of U.S. advertising makes Canadians extremely familiar with U.S. trade names to the detriment of similar products of Canadian

manufacture, even though the Canadian product might be superior.

25. It might be pointed out here that in a typical year, 1956, while the U.S. imported manufactured goods to the value of \$26 per capita, the U.K. \$48.80 and Germany \$53.40, Canada's imports of fully manufactured goods ran to \$273.40 per capita.
26. A good percentage of advertisers in Canadian business publications are American companies with Canadian branches or subsidiaries. In years past these companies felt that they could use their advertising in overflow circulation of U.S. publications to do their advertising job in Canada. Thus, when business publication advertising appropriations were considered for the Canadian branches, such appropriations were charged with the cost of the overflow advertising before the advertising for Canadian publications was scheduled. Reports from advertising sales representatives of member publications would indicate that this thinking is again gaining in acceptance.
27. In addition to this competitive effect on Canadian business publications' revenues, the advertising content of overflow circulation does, of course, work against the domestic Canadian manufacturer who competes against the U.S. subsidiary. The parent company of the latter might invest heavily

in an advertising campaign in U.S. business publications which have substantial overflow into Canada and so raises the recognition factor of the U.S. products.. Thus the Canadian manufacturer starts his advertising and sales campaign at a considerable disadvantage.

28. This situation makes it more and more difficult for Canadian companies to remain independent of foreign control -- an increasing problem in Canadian industry. We can point to the death of so many well-known and well-recognized Canadian companies that were well-established and which have gone under in recent times or been taken over by U.S. companies. Obviously a major contributing factor has been the recognition given to U.S. products through this overflow advertising. U.S. brand names and company names become so much better known just because of the frequency of visibility in U.S. overflow. We now have, for instance, no Canadian rubber manufacturers, and where there used to be quite a number of Canadian companies in the food processing field, there are now only a few.
29. It should be unnecessary at this time to refer to the many recent statements made by well-known Canadian businessmen and Government leaders relating to the concern about U.S. control of Canadian industry.

A recent address by James E. Coyne, Governor of the Bank of Canada, to the Canadian Chamber of Commerce Annual Meeting, summed the situation up. The following quotation from his address is significant:

"We are now at perhaps the most critical cross-road of all, when economic developments and preoccupation with doctrines of an earlier day are pushing us down the road that leads to loss of any effective power to be masters in our own household and ultimate absorption in and by another. . .".

30. The whole trend would seem to be to economic union with the United States and we believe that the majority of Canadians don't want this.
31. The growing danger from "Canadian" editions and the split-run technique is dealt with under Section III -- see next page.

SECTION III

32. Quote from January 9, 1959 "Printers' Ink":

"Business paper opportunities in Canada as yet untapped by U.S. publishers are nevertheless realized by most. The increase of Canadian business papers and growth of the markets they cover has opened up rather than limited opportunities in the field. . .

"While U.S. publishers have appeared relatively indifferent to these Canadian possibilities, this year may see a few experiments in this direction."

SPECIAL "CANADIAN" EDITIONS

33. A "Canadian" edition is a U.S. publication that has converted its overflow circulation into a special edition for Canada. The publication is "special" in that it carries throughout Canadian advertising for Canadian consumption. The editorial content is almost entirely purchased for the parent edition and then re-used in the Canadian edition. The parent edition does not circulate in Canada.

34. The editorial content of the U.S. parent publication costs the publisher nothing after the first time it has been manufactured and sold, i.e., in the U.S. home edition. When the U.S. publisher starts a "Canadian" edition, he makes available to it all the editorial content of the parent edition -- material

already bought and paid for out of revenues many times larger than possible to obtain in Canada.

35. The average editorial costs of a Canadian business paper (salaries of staff, contributions by other than staff, art, photographs and engravings) runs 14% to 18% of the publication's net advertising revenue and may vary upwards according to need. The special "Canadian" edition, therefore, is able to operate at close to this 14% to 18% cost differential -- and here it should be borne in mind that there is a big difference in the funds that the U.S. publication and the Canadian publication in a similar field can make available for editorial. A business publication with net revenues of one million dollars is not a rarity in the U.S. Such a publication would, therefore, normally have an editorial budget of between \$140,000 and \$180,000. This would actually be more than double the total net advertising revenue of the average of the 144 Canadian business publication members of BNA. The basic economics of business paper publishing should be kept in mind in this context. In almost all instances, very close to 100% of the revenue of a publication comes from advertising -- and only advertising. This saving in editorial costs enables the Canadian edition to charge lower advertising rates than the equivalent Canadian publication in

the same field can establish. It also allows more money for additional advertising sales staff, promotional expenditures of various kinds -- and for profit.

36. The Canadian business press should grow both in numbers and in editorial service, to meet the increased needs of an expanding Canadian economy. More new products will reach Canadian markets in the years ahead and more new processes will enter the industrial technology than in any previous period. Increasingly, new business papers should be introduced to serve segments and divisions of particular fields, where previously one or more publications served the field as a whole. There is a grave danger here that new fields which open up as the economy expands are likely to be pre-empted by "Canadian" editions. In those instances where a Canadian publisher pioneers the field -- introduces a new publication and conceivably takes three to five years to develop it successfully in an industry that is fairly new in Canada -- the U.S. publisher can obviously come in with a "Canadian" edition based on a home product serving an already well-developed field.
37. When one considers the growing list of Canadian companies and even industries that have been taken over by U.S. organizations, it can be realized just

how easy it would be for the same thing to happen in the Canadian business publishing industry. It is a fact that Canadian publishers are constantly being approached by U.S. business paper publishers wishing to buy or merge. It is, however, a fact that this may be the one industry where practically all companies are still Canadian owned and operated. This must be kept this way in the interests of a Canadian way of life.

38. The Canadian business press has established itself as the strong force it is because of the desire of Canadian business and professional men for Canadian magazines -- publications which deal with their areas of livelihood. The following quotations will be of interest. Each of these quotations can be substantiated upon request; names and titles of the individuals are available. The first eight are a sample taken from letters received from chief executives, usually the president, of large Canadian companies -- a cross-section of Canadian industry.

"The many articles which your publication prints are generally of great interest, especially those articles dealing with management problems and how the various businesses in Canada through their top executives, handle these problems."

"-----magazine is indeed providing valuable information on Canadian business."

"I believe there is a need for a magazine of this type in Canada . . . Articles on the Canadian economic picture and Provincial and Federal Government happenings are of equal interest..."

"I believe you have succeeded well in following your editorial concept -- a Canadian magazine designed specifically to be of interest and value to senior executives ... I would say you are producing a good magazine with a definite Canadian flavour ... Your articles on Canadian industries and Canadian industrialists are interesting and informative."

"I feel that Canadian industry is very urgently in need of communications on the latest managerial techniques and delineation of the managerial job."

"... a very fine effort by way of creating for Canadian business executives a magazine of their own."

"I have been an interested reader of this magazine since it was first issued and do feel that you are to be congratulated on providing such a publication in Canada."

"I think the articles dealing with growth and development of Canadian companies and the means through which they have obtained objectives are most interesting."

"...I have been most interested in the articles on techniques of management and on the specific write-ups on Canadian businessmen and Canadian business conditions, as exemplified by specific companies."

"I think the magazine is very good and of course being a Canadian magazine makes it much more interesting."

"I like the Canadian atmosphere of the magazine, particularly its editorials."

"Like - it is Canadian."

"I liked the April issue particularly well - as a whole I have liked the Canadian coverage."

"Good comprehensive coverage of Canadian subjects."

"It is a first class magazine and it is Canadian."

"Good luck and keep up the lively work --
Canada needs it."

"I like the Canadian slant to most articles on personalities."

"We appreciate a good Canadian publication, keep up the good work."

"I like the Canadian atmosphere in your magazine."

"I like the Canadian aspect of the magazine describing plants with which I have been associated."

"At work we are flooded with chemical magazines, and being an electrical engineer, I am not too interestèd in any of them. However, your magazine is different -- it's Canadian in origin and subject matter."

"Enjoy reading technical articles concerning Canadian problems and solutions to these problems submitted by Canadians. You are doing a good job. Keep it up."

"The Canadian viewpoint of your magazine is valuable."

"Good because a Canadian view is given."

"Current, concise and completely Canadian."

"I like the magazine because it is - Canadian, includes a good selection of subject material of interest to the administration."

"Very pleased to see a Canadian publication. Keep it Canadian."

"I like the way the Canadian chemical market and processes are covered and analyzed."

"Like the Canadian slanted news and articles."

"A well set up magazine - particularly appreciate a general magazine of this nature slanted

to Canadian conditions and problems."

"Nice balance between engineering, processing, administration, etc. Like its Canadian flavour."

For an independent witness, let us examine the remarks of a well-known Canadian director of media and research at a respected Canadian advertising agency. As recently as June of 1960, Frank Rose, of Russell T. Kelley Company Limited, Hamilton, had this to say before the international conference of the Association of Industrial Advertisers in Washington, D.C.:

"The fact is that most U.S. business publications do not serve Canadian needs -- they may be interesting, but they are not vital reading to a Canadian."

39. These comments serve to illustrate the desire of Canadian business men for bona fide Canadian publications. However, the intent of U.S. publishers is very clear. The danger is there. "Printers' Ink", April 29, 1960, page 66, under "Media Forecast" reads as follows:

"News from business papers: Regional editions for world -

"You are likely to see a new trend toward regional editions in national business papers. But these regional editions will be different from anything published in the past.

"Instead of dividing the nation into regional marketing zones, these publications will split up the globe. They will report on new developments as they occur in different parts of the world."

"With foreign trade zooming in importance for both industrial suppliers and buyers, the new regional business papers should become a prime outlet for ads."

40. The following special "Canadian" editions of U.S. publications are now published in Canada:

"MD of Canada" established earlier this year, published by MD Publications (Canada) Ltd., Montreal, an eminently successful Canadian edition from its inception, carrying a high volume of advertising, all Canadian.

"Cleaning Laundry World" published in New York. The substantial Canadian circulation is divided into two Canadian editions, Western and Eastern, in each case with a Canadian supplier taking the back cover. The remainder of the publication is the U.S. home product.

"Fuel Oil News of Canada" published by Oildom Publishing Co., Bayonne, New Jersey. A large volume of U.S. editorial content.

"Medical Economics" published by Medical Economics Inc., Oradell, New Jersey. We have it

on reliable authority that this U.S. publication has plans to issue a Canadian edition in the near future.

"Canadian Office" and "Modern Medicine of Canada" both published by Seecombe House, Toronto.

"Time" "Canada" edition carries a high percentage of Canadian advertising which would normally be carried in Canadian business papers. A check of the advertising carried in "Time" during the calendar year 1959 shows that advertising carried in the following classifications accounted for \$1,047,521 or 26.6% of all advertising carried in the publication.

Trucks, tractors, road building, construction and handling equipment -
construction materials - engineering
and construction - industrial machinery
- industrial supplies - office equipment
- chemicals and plastics.

SPLIT RUNS

41. U.S. consumer magazines have for some time now been offering advertisers regional splits of their circulation to enable the advertiser to angle his advertising for specific regions. An increasing number of them are providing split runs to Canada. This allows an international advertiser to drop his U.S. domestic advertising in those copies of magazines such as Life, Look, Saturday Evening

Post, etc., entering Canada and replace it with advertising for his Canadian subsidiary. As the extra cost involved is basically the time required to stop the press and substitute an electro carrying Canadian copy the price at which such advertising can be sold to Canadian subsidiaries can be extremely attractive. Thus, this is finding great favour with an increasing number of U.S. advertisers.

42. The success of the split run technique in consumer magazines has given U.S. business paper publishers food for thought and quite a number of them are offering split runs in the U.S. Obviously, those with high overflow circulation to Canada in certain fields will be considering split runs to Canada. Even though the consumer magazine and the business paper are essentially different animals, in very many instances the same advertiser uses both types of publication. It follows that those U.S. advertisers who are becoming increasingly enamoured of the split run technique in consumer magazines will follow this up in the same pattern in their business paper advertising directed to Canada and call for split runs in U.S. business publication overflow.

43. "Paper Trade Journal" published in New York, is presently actively soliciting Canadian advertising for its Canadian circulation. This is to date the only example of a U.S. business paper using the split run technique.

SECTION IV

CONCLUSION

44. To summarize, Business Newspapers Association of Canada submits to the Royal Commission on Publications that:

Canadian business publications require an economic climate which will permit them to flourish and to provide the uniquely Canadian information so necessary to the development of our industries, trades and professions. The vitality of Canadian business publications is threatened by the overflow circulation of similar U.S. magazines, and by the so-called "Canadian" editions. It is the announced programme of American publishers to bring the alleged benefits of American business techniques to every country in the world, and particularly to Canada. In the process, the American publisher benefits financially, and helps to weaken our business, trade and technical press by draining off circulation and advertising dollars -- badly needed here for editorial expansion and improvement.

45. Against this background, we trust that the Royal Commission will recommend to the Government such corrective measures as will permit Canadian business publications to compete upon an equal basis. Individual recommendations and suggestions for

correction of this situation will be submitted to the Commission by Business Newspapers Association during the final hearings in Ottawa during December.

Respectfully submitted,

J.L. CRAIG, President
BUSINESS NEWSPAPERS ASSOCIATION
OF CANADA

November 16, 1960

Business Newspapers Association of Canada

Age Publications Limited, 450 Alliance Avenue, Toronto 9, Ont.	AUTOMATIC HEATING/PLUMBING/ AIR CONDITIONING ELECTRONICS & COMMUNICATIONS RESTAURANTS & INSTITUTIONS WINE/BEER/SPIRITS
Arthurs-Franklin Publications Limited, 11 St. Clair Avenue West, Toronto, Ont.	CANADIAN HAIRDRESSER HARDWARE & HOUSEWARES MARINE TRADES
Automotive Retailers' Publishing Company Limited, 1687 West Broadway, Vancouver, B.C.	AUTOMOTIVE RETAILER
Gordon Black Publications Limited, 1200 West Pender Street, Vancouver, B.C.	WESTERN MINER & OIL REVIEW
The Canadian Chamber of Commerce, 524 Board of Trade Building, Montreal, Que.	CANADIAN BUSINESS
Canadian Clothing Journal, 43 Yonge Street, Toronto, Ont.	CANADIAN CLOTHING JOURNAL
Canadian Manufacturers' Association, 67 Yonge Street, Toronto, Ont.	INDUSTRIAL CANADA
Canadian Pharmaceutical Journal, 221 Victoria Street, Toronto, Ont.	CANADIAN PHARMACEUTICAL JOURNAL
Eugene Charbonneau et Fils Limitee, 1448 Beaudry Street, Montreal, Que.	ARCHITECTURE-BATIMENT- CONSTRUCTION LE BIJOUTIER LE FOURNISSEUR DES INSTITUTIONS RELIGIEUSES
The Chemical Institute of Canada, 48 Rideau Street, Ottawa, Ont.	CHEMISTRY IN CANADA
School Progress, 57 Bloor Street West, Toronto, Ont.	SCHOOL PROGRESS

Current Publications Ltd., 443 Mount Pleasant Road, Toronto, Ont.	THE GIFT BUYER QUILL & QUIRE
Corporation of Master Electricians of the Province of Quebec, 4073 Rue St. -Hubert, Montreal, P.Q.	LE MAITRE ELECTRICIEN
The Engineering Institute of Canada, 2050 Mansfield Street, Montreal, Que.	THE ENGINEERING JOURNAL
Federal Publications Limited, Gardenvale, Que.	CANADIAN FOOD INDUSTRIES
French Commercial Publications Limited, 6555 Cote des Neiges, Montreal, Que.	L'AUTOMOBILE L'ENTREPRENEUR EN PLOMBERIE- CHAUFFAGE
Fullerton Publishing Co. Ltd., 175 Jarvis Street, Toronto, Ont.	LAUNDRY & DRY CLEANING JOURNAL TRADE BUILDER
R.G. Lewis & Co. Limited, 219 Bay Street, Toronto, Ont.	CANADIAN BROADCASTER
Effective Publications Limited, 9 Belton Road, Don Mills, Ont.	INDUSTRIAL SALES/PROMOTION
The Hugh C. MacLean Public- ations Limited, 1450 Don Mills Road, Don Mills, Ont.	CANADA LUMBERMAN THE CANADIAN ARCHITECT CANADIAN CHEMICAL PROCESSING CANADIAN CONSULTING ENGINEER CANADIAN METALWORKING CANADIAN TRANSPORTATION CANADIAN WOODWORKER ELECTRICAL CONTRACTING & MAINTENANCE IN CANADA ELECTRICAL EQUIPMENT NEWS ELECTRICAL NEWS & ENGINEERING ENGINEERING & CONTRACT RECORD EXECUTIVE FURNITURE & FURNISHINGS HOSPITAL ADMINISTRATION & CONSTRUCTION INDUSTRIAL DIGEST MACLEAN BUILDING GUIDE PETRO PROCESS ENGINEERING SHOE & LEATHER JOURNAL SUPERMARKET METHODS

Maclean-Hunter Publishing
Company Limited,
481 University Avenue,
Toronto, Ont.

BUILDING SUPPLY DEALER
CANADIAN BAKER
CANADIAN GROCER
CANADIAN JEWELLER
CANADIAN PAINT & VARNISH
DRUG MERCHANDISING
FOOD IN CANADA
HARDWARE MERCHANDISING
L'EPICIER
NATIONAL BUILDER
PHOTO TRADE
LE PHARMACIEN
LE QUINCAILLIER
CANADIAN INDUSTRIAL
PHOTOGRAPHY
CANADIAN ADVERTISING
CANADIAN ELECTRONICS
ENGINEERING
CANADIAN HOTEL REVIEW &
RESTAURANT
CANADIAN MACHINERY &
METALWORKING
CANADIAN PACKAGING
CANADIAN PRINTER & PUBLISHER
CANADIAN SHIPPING & MARINE
ENGINEERING NEWS
CANADIAN STATIONER
DESIGN ENGINEERING
ELECTRICAL CONTRACTOR &
MAINTENANCE SUPERVISOR
HEATING & PLUMBING ENGINEER
MODERN POWER & ENGINEERING
MODERN PURCHASING
OFFICE EQUIPMENT & METHODS
PROGRESSIVE PLASTICS
BUS & TRUCK TRANSPORT
CANADIAN AUTOMOTIVE TRADE
CANADIAN AVIATION
CIVIC ADMINISTRATION
MEN'S WEAR OF CANADA
PLANT ADMINISTRATION
STYLE
HOME GOODS RETAILING
MATERIALS HANDLING
THE FINANCIAL POST
MARKETING
HEAVY CONSTRUCTION NEWS

Magor-Way Press Limited,
604 - No. 3 Road,
Richmond, B.C.

THE CANADIAN WEEKLY EDITOR

Maritime Merchant Limited,
Tribune Press Building,
Sackville, N.B.

THE MARITIME MERCHANT

- 4 -

Miller Freeman Publications Limited, 402 West Pender Street, Vancouver, B.C.	CONSTRUCTION WORLD
Mitchell Press Limited, P.O. Box 6000, Vancouver, B.C.	B.C. LUMBERMAN CANADIAN PULP & PAPER INDUSTRY HOTELS & RESTAURANTS IN WESTERN CANADA WESTERN BUSINESS & INDUSTRY
National Business Publications Limited, Gardenvale, Que.	THE CANADIAN DOCTOR CANADIAN FISHERMAN CANADIAN INDUSTRIAL EQUIPMENT NEWS CANADIAN JOURNAL OF COMPAR- ATIVE MEDICINE & VETERINARY SCIENCE CANADIAN OIL & GAS INDUSTRIES CANADIAN MINING JOURNAL CANADIAN REFRIGERATION & AIR CONDITIONING PRODUCT NEWS PULP & PAPER MAGAZINE OF CANADA
Progress Publishing Company Limited, Marine Building, Vancouver, B.C.	HARBOUR & SHIPPING
Publications Laurion Ltee., 6555 Cote des Neiges, Montreal, P.Q.	CITES ET VILLES LE QUEBEC INDUSTRIEL
Purchasing in Western Canada, 2205 Fir Street, Vancouver, B.C.	PURCHASING IN WESTERN CANADA
H. A. Rogers & Company, 287 MacPherson Avenue, Toronto, Ont.	HAL ROGERS' P & H JOURNAL
Roy Wrigley Publications Ltd., 1104 Hornby Street, Vancouver, B.C.	STORAGE & DISTRIBUTION WESTERN FISHERIES
B.L. Smith-McCarthy Publishing Co. Ltd., 116 Richmond Street West, Toronto, Ont.	CANADIAN BEVERAGE REVIEW CANADIAN DAIRY & ICE CREAM JOURNAL ELECTRICAL DIGEST

- 5 -

Stovel-Advocate Publications
Limited,
365 Bannatyne Avenue,
Winnipeg, Man.

CANADIAN FARM IMPLEMENTS
CANADIAN WELDER
MOTOR IN CANADA
OIL IN CANADA
PRAIRIE GROCER &
PROVISIONER
PRECAMBRIAN MINING IN CANADA
WESTERN CANADA COAL REVIEW
TRADE & COMMERCE IN
WESTERN CANADA

Wadham Publications Limited,
287 MacPherson Avenue,
Toronto, Ont.

GARAGE OPERATOR

Wallace Publishing Company
Limited,
146 Bates Road,
Montreal, Que.

CANADIAN PIT & QUARRY
BATIMENT
CANADIAN BUILDER
CANADIAN MILLING & FEED
CANADIAN VARIETY
MERCHANDISING
GENIE-CONSTRUCTION
LEATHER WORLD
OFFICE ADMINISTRATION
PACKAGING PROGRESS
PLANT MANAGEMENT
PRODUCT DESIGN & ENGINEERING
REVUE-MOTEUR
SPORTING GOODS MERCHANDISER
TOYS & PLAYTHINGS
TRANSPORT COMMERCIAL

Weston Publishing Company
Limited,
2481 Kingston Road,
Toronto, Ont.

SERVICE STATION MANAGEMENT
& MERCHANDISING

WesTrade Publications Limited,
1281 West Georgia Street,
Vancouver, B.C.

DIESEL POWER & EQUIPMENT
MOTOR CARRIER

* * *

Appendix 2

As further evidence of the serious problem confronting Canadian publishers from overflow circulation, the following table shows a ten-year comparison of total circulation of all Canadian business publications:

<u>1950</u>	<u>1960</u>
1, 164, 718	2, 731, 269

Canadian business publications have thus shown an increase of 134.5% in ten years. The 398% ten-year increase of U.S. overflow in this field, when compared with the 134.5% increase in Canadian circulation, illustrates the growing serious problem.



C/PB/ro

SUBMISSION OF THE BUSINESS NEWSPAPERS ASSOCIATION

APPEARANCES:

J. J. Wallace J. L. Craig

J. A. Daly N. Christie

MR. PITFIELD: Would you identify yourself, please?

MR. WALLACE: Mr. Chairman, Mr. Johnston, Mr. Beaubien, my name is Wallace. I am the president of Wallace Publishing Company Limited in Montreal. I am here to speak to the brief submitted to you on behalf of the Business Newspapers Association. In speaking to this brief I am accompanied by Mr. J. L. Craig, Maclean-Publishing Company, the president of the Business Newspapers Association. I also have Mr. J. A. Daly, president of U. S. Maclean Publishing Limited and past president of our association. Also with me today is Mr. Mervin Christie, the president of National Business Publications of Montreal and a past president of our association.

I am speaking from some notes, Mr. Chairman, that I have drawn up for my own use. I have not given those notes to the press.

The purpose of this submission of ours to point out the competitive situation facing Canadian Business members and to underline at the vital contribution of the business press to

1. The first part of the report is devoted to a general survey of the situation in the country.

2. The second part is devoted to a detailed analysis of the economic situation.

3. The third part is devoted to a detailed analysis of the social situation.

4. The fourth part is devoted to a detailed analysis of the political situation.

5. The fifth part is devoted to a detailed analysis of the cultural situation.

6. The sixth part is devoted to a detailed analysis of the international situation.

7. The seventh part is devoted to a detailed analysis of the future prospects of the country.

8. The eighth part is devoted to a detailed analysis of the future prospects of the country.

9. The ninth part is devoted to a detailed analysis of the future prospects of the country.

10. The tenth part is devoted to a detailed analysis of the future prospects of the country.

11. The eleventh part is devoted to a detailed analysis of the future prospects of the country.

12. The twelfth part is devoted to a detailed analysis of the future prospects of the country.

13. The thirteenth part is devoted to a detailed analysis of the future prospects of the country.

14. The fourteenth part is devoted to a detailed analysis of the future prospects of the country.

15. The fifteenth part is devoted to a detailed analysis of the future prospects of the country.

16. The sixteenth part is devoted to a detailed analysis of the future prospects of the country.

17. The seventeenth part is devoted to a detailed analysis of the future prospects of the country.

18. The eighteenth part is devoted to a detailed analysis of the future prospects of the country.

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20. The twentieth part is devoted to a detailed analysis of the future prospects of the country.

21. The twenty-first part is devoted to a detailed analysis of the future prospects of the country.

22. The twenty-second part is devoted to a detailed analysis of the future prospects of the country.

23. The twenty-third part is devoted to a detailed analysis of the future prospects of the country.

24. The twenty-fourth part is devoted to a detailed analysis of the future prospects of the country.

25. The twenty-fifth part is devoted to a detailed analysis of the future prospects of the country.

26. The twenty-sixth part is devoted to a detailed analysis of the future prospects of the country.

27. The twenty-seventh part is devoted to a detailed analysis of the future prospects of the country.

28. The twenty-eighth part is devoted to a detailed analysis of the future prospects of the country.

29. The twenty-ninth part is devoted to a detailed analysis of the future prospects of the country.



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3 the economy and cultural development of Canada.

4 I think at the outset, Mr. Chairman,
5 I would like to define just what a business
6 paper is. It is a publication that collects
7 and disseminates the experience of those engaged
8 in a certain industry, profession or trade, to
9 act as an interpreter of events and developments,
10 and to serve as a leader of sound thought and
11 policy.

12 There are 430 such business papers
13 published in Canada with total circulation per
14 issue of 2,731,269 copies. Advertisers invest
15 more than \$30 million annually in these publications.
16 As a matter of fact the investment in advertising
17 dollars is greater than the investment in magazines,
18 and second only to newspapers in print media,
19 higher even than the weekend magazines.

20 The Association to which we belong, the
21 Business Newspaper Association has 144 publication
22 members, 15 of them French language publications
23 serving the Province of Quebec primarily. These
24 publications are all Canadian owned and must meet
25 stringent membership requirements. In our
26 Association you will get one vote per publication,
27 but no member house, no matter how many publications
28 they have has more than five votes. We have 37
29 member companies and 7 of these 37 have at
30 least five votes.



1
2 Of the 430 business papers in Canada
3 only 250 of them have audited circulation. These
4 250 include some annuals so I would hazard a
5 guess, without checking, there would be approximately
6 about 225 to 230 publications in Canada from
7 whom we can draw our membership.

8 I think too, Mr. Chairman, that yesterday
9 there was some discussion as to controlled circula-
10 tion. I think that it was mistakenly referred
11 to as free circulation, but controlled is
12 definitely a much different type of circulation
13 than the general free give away type of distributions
14 such as some advertising sections that are
15 given away in various communities. Controlled
16 circulation is a technique that has been developed
17 for many years in both Canada and the U.S.
18 This is a technique where a publisher determines
19 to what group of people in specific sections
20 of industry, commerce, the trades or professions
21 that he will send his publication to on a controlled
22 circulation basis. No company, even the largest
23 company in the world can sell 100 per cent of
24 any given market. Therefore Canadian publishers
25 and American publishers have developed a circula-
26 tion of their business papers on a controlled
27 circulation basis. In Canada, as an example,
28 there are only 12 publications that A.B.C., 12
29 business publications that are A.B.C. audited,
30



1
2
3 whereas there are 250 who have a controlled
4 circulation; That is audited by the Canadian
5 Circulations Audit Board. Publishers of
6 controlled circulated business papers feel that
7 this is a most economical and effective -- for
8 the advertisers particularly, a most effective
9 means of getting the publication into the hands
10 of the buying influence in the field to which
11 the publications are directed. This insures
12 full market coverage, because with paid circulation
13 you cannot possibly get everyone who is in
14 a given field to always buy these publications.
15 The existence of this phenomena is widespread
16 in both the U.S. and Canada. Readership studies
17 that have been made in both countries of many
18 business papers have shown that there is no
19 significant difference in the readership of either
20 paid or controlled circulated papers. I think,
21 Mr. Chairman, I would like to refer you to the
22 controlled aspect, or the controlled circulation
23 aspect of Canadian T.V. and radio. It is not
24 paid for and yet people are the recipients and
25 users of this medium.

26 I think too that yesterday and I am
27 sorry to keep harping back to yesterday, I hope
28 you will bear with me, there was a point that
29 dealt with the cost of publications, and
30 later on in my submission I will be referring



1
2 to that cost to business papers in Canada and
3 the United States. A weekly publication by the
4 name of Ironage in the United States has a
5 subscription price to Canada of only \$2 for a
6 year or less than 4 cents a copy, indicating
7 that even in the United States publishers
8 do not generally feel that they can get too much
9 revenue from their circulation.

10 COMMISSIONER JOHNSTON: Pardon me, what
11 is the circulation cost in the United States?

12 MR. WALLACE: \$2, and foreign circulation
13 cost of that publication is \$15, \$15 to all other
14 countries.

15 THE CHAIRMAN: Would the \$2 come under
16 the heading of controlled circulation? Is
17 that circulation for any person in the United
18 States who wishes to subscribe to Ironage?

19 MR. WALLACE: I don't know whether
20 or not they control their circulation, Mr.
21 Chairman. I know from personal experience they
22 have a large paid circulation.

23 THE CHAIRMAN: Is the \$2 circulation...

24 MR. WALLACE: That is the subscription
25 price.

26 THE CHAIRMAN: In the United States?

27 MR. WALLACE: In the United States.

28 COMMISSIONER JOHNSTON: A weekly?

29 MR. WALLACE: A weekly.
30



THE CHAIRMAN: What is it in Canada?

MR. WALLACE: \$2.

THE CHAIRMAN: What was the \$15?

MR. WALLACE: \$15 to all other countries.

THE CHAIRMAN: But not Canada.

MR. WALLACE: But not in Canada. As a matter of fact, that is a point that is made and I will be dealing with it later, time and time again, it is included in the brief, we give a few examples, but generally speaking American publishers do not charge any more for the subscription rates, or very little more for their subscription rates in Canada. They have tended increasingly over the years to consider Canada as another section of the U.S., or another region.

Canadian business publications play a vital role in Canada's business, professional and industrial life. They are the principal medium of adult education and training, and the principle source of practical information in many fields. It is an acknowledged fact that Canada's business press is fulfilling its obligations.

I would like to refer you, Mr. Chairman, to some of the comments in our brief at pages 18,19, and 20. "There is a need for a magazine of this type in Canada."

Another quote: "I feel that Canadian



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2 industry is very urgently in need of delineation
3 on the latest managerial techniques and deliniation
4 of the managerial job".

5 Another quote: "I think the magazine
6 is very good and, of course, being a Canadian
7 magazine makes it much more interesting". "I
8 like the Canadian atmosphere of the magazine,
9 particularly its editorials."

10 Another quote: "Good comprehensive
11 coverage of Canadian subjects."

12 Yet another: "I like the Canadian
13 slant to most articles on personalities." "We
14 appreciate a good Canadian publication, keep
15 up the good work". "I like the Canadian
16 aspect of the magazine describing plants with
17 which I have been associated."

18 Another quote: "Enjoy reading technical
19 articles concerning Canadian problems and solutions
20 to these problems submitted by Canadians. You
21 are doing a good job. Keep it up."

22 And yet another: "The Canadian viewpoint
23 of your magazine is valuable."

24 Here is another different type of,
25 quotation, Mr. Chairman, for a independent witness,
26 let us examine the remarks of a well known Canadian
27 director of media and research at a respected Canad-
28 ian advertising agency. As recently as June of
29 1960, Frank Rose, of Russell T. Kelley Company
30 Limited, Hamilton, had this to say before



1
2 the international conference of the Association
3 of Industrial advertisers in Washington, D.C.
4 "The fact is that most U.S. business publications
5 do not serve Canadian needs -- they may be
6 interesting, but they are not vital reading to
7 a Canadian."

8 Many of these quotations are included
9 in our brief, these are only a few of hundreds
10 sent us. If you wish them we can give them to
11 you.

12 THE CHAIRMAN: Do you have any critical
13 letters here?

14 MR. WALLACE: Yes, like newspapers
15 we get critical letters. We will be pleased
16 to submit more quotations on this. Incidentally,
17 Mr. Chairman, I have the originals of all these
18 letters with me if you care to examine the
19 quotations I have read.

20 THE CHAIRMAN: No.

21 MR. WALLACE: The Canadian paper industry
22 is a mature, long established medium. Many present
23 BNA publications were started in the 1800's.

24 THE CHAIRMAN: Before you leave the
25 statement by Mr. Rose of Russell T. Kelley Company
26 Limited: "The fact is that most U.S. business
27 publications do not serve Canadian needs --
28 they may be interesting, but they are not vital
29 reading to a Canadian".
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Why then do Canadian business men who are looking for information and help, why do they buy these magazines if they are not of any interest and no value? How is it they come in in such heavy volume?

MR. WALLACE: I think, Mr. Chairman, for the very reason my wife buys some Italian shoes.

THE CHAIRMAN: Surely she finds a use for Italian shoes. They are very good. I have a pair on myself right now.

MR. WALLACE: I think that is exactly the reason why.

THE CHAIRMAN: It is not a good analogy.

MR. WALLACE: Pardon?

THE CHAIRMAN: Your analogy is not very good.

MR. WALLACE: I think there is a fact there. All of us, including myself, read American business papers.



As a matter of fact I read British papers and

I read some papers from France. There is nothing wrong in reading American business papers. We are not suggesting that. The fact is that while there has been a tremendous upsurge in the number of American business papers coming into Canada. Canadian business publications still greatly out-weigh the number of United States business papers coming into this country. We are not yet in the vulnerable position -- although I think the problem is with us and I will discuss that later -- in which the magazine industry finds itself.

I think, Mr. Chairman, that here is a single example of hundreds we could give, of the kind of service the Canadian business press renders this country's business man. This year a BNA member publication serving the manufacturing industries has been running a series of articles under the heading "Management Administration and Production Control". These articles describe the peculiar nature of the operation of a hypothetical manufacturing company in Canada employing 500 to 1000 employees and processing a standard line of product or products. The headings of the 12 articles are as follows:

1. Personnel Organization and Duties.
2. Planning Plant Layout.
3. Company Policies and Objectives.
4. Production Control Responsibilities.



5. How to Handle Sales Enquiries.
6. Design Engineering Production Control.
7. Manufacturing Methods and Tooling.
8. Basics of Industrial Engineering.
9. Business Systems and Related Paperwork.
10. Forward Loading.
11. Work Scheduling.
12. Material Control.

This series of articles, as with the articles in all BNA member publications, is designed to serve the needs of Canadian industries specifically. In the manufacturing field we have many different problems in Canada in our manufacturing plants where they are operating on a smaller production schedule with a more limited number of employees, with perhaps less automation, than the size of the manufacturing plant or operation can afford.

To the best of our knowledge, corresponding information is not available to plant management personnel in this country and United States publications covering this field are written for companies considerably larger and with a completely different set of problems. The publisher has estimated that, judging from the number of requests for reprints of this series of articles, even though the completed series has been in print for only two weeks, between 1,500 and 2,000 copies will have been requested and will be in circulation throughout Canadian industry within the next few months. Some companies have indicated that they



1
2 will use the series as a handbook for the operation
3 of their plant.

4 I think too, Mr. Chairman, that I should
5 point out that Canadian business paper publishers
6 have been ~~ploughing back moneys that might have~~
7 been taken out as dividends or profits, because
8 I know the personal record of many of these
9 companies in product improvements, in making
10 ~~sure~~ that we can face the tremendous upsurge that
11 we have had in the circulation of American publica-
12 tions coming into Canada. We have been launching
13 new papers to serve developing, newly developing
14 and newly created segments of the Canadian
15 business economy.

16 I think too I should point out that it
17 is a significant fact that the technical information
18 contained in Canadian business papers is recognized
19 throughout the world. Many thousands of subscriptions
20 of Canadian business papers are sold outside of
21 North America. We feel that the Canadian export
22 trade has been spurred by the hundreds of pages
23 business papers, in editorial and advertising, have
24 devoted ~~to~~ interpreting Government policy
25 to business and industry.

26 I will not bore you, Mr. Chairman, with
27 the full statistics of the cost of American papers
28 circulating in Canada. You have them in the brief
29 before you on Page 12. If you will examine them
30



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3 I think you will find there is very little
4 difference: Purchasing Week, \$6 in the United
5 States, \$6 in Canada; Aviation Week, \$7 and
6 \$8; Control Engineering, \$5 in both countries;
7 Purchasing, \$4 in both countries; Modern Packaging
8 \$7 in both countries; Modern Plastics, \$8; American
9 Machinists, \$3 and \$4, and so on down the line.

10 I think this indicates very clearly that there
11 is a very determined drive by American publishers
12 to obtain Canadian circulation and to subject
13 our people to the influence of the overflow of
14 American editorial content and advertising. I
15 think Canadian business is particularly vulnerable
16 to United States influence, and as this is so
17 the role of a truly Canadian business press in
18 helping to preserve and develop Canadian business
19 and industry cannot be over-stressed. Yet Canadian
20 business publications are being exposed to, even
21 at this very moment, very strong and in some cases
22 unfair foreign competition. This competition is
23 increasing daily, Mr. Chairman, and could eventually
24 threaten the very existence of the Canadian business
25 paper press. We certainly do not want to find our-
26 selves in the same boat as that in which the
27 Canadian magazine industry finds itself.

28 This foreign competition comes in two
29 ways. The first is that of the United States
30 overflow circulation in an increasing volume.



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3 The second is the so-called Canada editions and
4 split-run advertising in publications carrying
5 Canadian advertising but with almost completely
6 foreign editorial.

7 Here is the overflow circulation in
8 the business paper field that is probably un-
9 paralleled anywhere else in the world. In 1949
10 the number of titles of business papers overflowing
11 into Canada was 510. This rose in the ten years
12 to 1959 to 1,497, almost a 200 per cent gross
13 in the number of titles being circulated.
14 The total Canadian circulation per issue of
15 United States business papers overflowing in
16 Canada increased from 225,513 in 1949 to 1,122,580
17 in 1959. The percentage increase over this
18 ten year period therefore was 193 per cent in
19 titles; circulation per issue, 398 per cent;
20 average circulation per title, 70 per cent.

21 A comparison of this circulation
22 increase with the gross of Canadian business
23 papers circulation serves to point up the seriousness
24 of this problem.

25 THE CHAIRMAN: Pardon me, Sir, are these
26 papers sold by subscriptions or are they bought
27 on your newsstands?

28 MR. WALLACE: No, they are in the
29 main not sold by subscription nor are they bought
30 on the newsstand. They are distributed by the



1
2 publisher and a controlled circulation method to
3 the specific persons within a specific field of
4 endeavour to which he wants the publication to
5 go. For example, a publication like Canadian
6 Architect, because it subscribes to full market
7 coverage, covers every architect in the country.

8 THE CHAIRMAN: He would get it
9 free?

10 MR. WALLACE: Yes. This is the growing
11 tendency in both the United States and Canada.

12 COMMISSIONER JOHNSTON: Who owns Canadian
13 Architect?

14 MR. WALLACE: The Hugh C. Maclean Publishing
15 Company.

16 COMMISSIONER JOHNSTON: It is not owned
17 by their association?

18 MR. WALLACE: No, it is a privately owned
19 paper.

20
21 Between 1950 and 1960, Mr. Chairman,
22 or a roughly comparable ten year period -- I am
23 truly sorry I did not get the exact ten year
24 period, but we worked on one period at one time
25 and another at another time -- the total circulation
26 of all Canadian business papers rose by only 134
27 per cent while, during that period, United States
28 overflow circulation was growing by 398 per cent
29 in Canada. In other words, United States overflow
30 circulation increased at slightly less than three



1
2 times the rate of domestic publications.

3 THE CHAIRMAN: This circulation is mailed
4 in the United States?

5 MR. WALLACE: It is mailed in the United
6 States.

7 THE CHAIRMAN: And carried by our
8 Post Office?

9 MR. WALLACE: Yes. At the present
10 time about one out of every three business papers
11 circulating in Canada is American. We still
12 have a very strong edge, but as you can see from
13 the figures I gave you in the last ten years
14 there has been a tremendous impact on the Canadian
15 business paper publishers.

16 Also I think it is significant that the
17 1,497 American titles circulating in Canada
18 greatly exceed the 430 Canadian titles. I
19 think, if I might say so, this perhaps was one
20 of the things Mr. Commissioner Johnston was
21 referring to yesterday when he said that
22 there are too many business papers. I agree,
23 there are too many -- there are too many
24 American business papers.

25 COMMISSIONER JOHNSTON: Did I say
26 that?

27 MR. WALLACE: At one point.

28 COMMISSIONER JOHNSTON: I will have to
29 ask Mr. Speaker to correct it because I do not
30



1
2 feel there are.

3 MR. WALLACE: It may have been in my
4 mind because I feel there are too many American
5 business papers. There are 2,500 business papers
6 in the United States and 430 in Canada. Think
7 of what would happen if only one out of ten
8 of those publications decided to come into Canada.
9 We would be overwhelmed with 250 business papers
10 going after the same type of circulation and
11 the same type of advertising dollars that our
12 publication members are going after -- only one
13 out of ten.

14 There are several reasons why this
15 overflow circulation problem exists. Primarily
16 it is because American publishers and the United
17 States Government encourage it. As Printers'
18 Ink pointed out in its June 17, 1960, issue,
19 United States business papers promote their
20 foreign readership to advertisers as a tool
21 for building export business. They can promote
22 it as a bonus with the domestic circulation
23 for which the advertiser is paying. "With
24 sagging profit margins and tightening competition,
25 foreign markets stand out as the bright
26 hope of many an industrial corporation," says
27 Printers' Ink.

28 United States publishers encourage
29 Canadians to buy their products by keeping the
30



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3 subscription price low. We have dealt with this
4 on Page 12 of our brief. Not all United States
5 publications entering Canada are paid for. Most
6 United States publishers controlling their circula-
7 tion on a control circulation basis, do not differ-
8 entiate between their United States and their
9 Canadian distribution.

10 As we have already discussed, the
11 United States government encourages the export
12 of printed matter which "will spread American
13 ideals, cultures, and facts abroad." They
14 encourage this with special low mailing rates.
15 A publisher in the United States Midwest can
16 mail his magazine to any part of Canada for a
17 lower cost than to New York or San Francisco.
18 Also, the Canada Post Office allows United States
19 publishers to truck or ship their magazines into
20 Canada and mail them in Canadian post offices at
21 the statutory second class mailing rates, which
22 are lower than the United States rates.

23 It is a vital point to re-emphasize that
24 of the many millions of United States publications
25 shipped abroad, 76 per cent of them come to
26 Canada. This is so in the business paper field
27 also.

28 The effect of this overflow circulation is
29 to bring Canadian thought more and more into
30 the United States habit. It encourages the



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3 import of United States goods. It hurts the
4 Canadian manufacturer who finds himself competing
5 with a subsidiary of a United States company
6 advertising in such publications. It places
7 a heavy burden on the Canadian Post Office which
8 suffers a high deficit in handling second class
9 mail, foreign and domestic.
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Wallace,

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4 U.S. overflow circulation should not be
5 encouraged the way it is at present, because there
6 is nothing to prevent it from reaching flood
7 proportions and undermining a very large number of
8 Canadian business papers, if not the entire industry.

9 I would like to read a quote from
10 January 9th, 1959: "Printers' Ink":

11 "Business paper opportunities in
12 Canada as yet untapped by U.S. publishers
13 are nevertheless realized by most. The
14 increase of Canadian business papers
15 and growth of the markets they cover
16 has opened up rather than limited op-
17 portunities in the field.

18 While U.S. publishers have
19 appeared relatively indifferent to these
20 Canadian possibilities, this year may
21 see a few experiments in this direction."

22 I think this is another significant in-
23 dication that even now U.S. business paper publishers
24 are thinking about what they can do in Canada.

25 The second threat to domestic business
26 paper publishers is by-product publishing, in four
27

28 a) Special "Canada" editions of U.S.
29 magazines
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3 b) Special "Canada" sections of U.S.
4 magazines

5 c) "Split-run" advertising in copies of
6 U.S. magazines circulating in Canada

7 d) Regional editions of U.S. magazines

8 In each of the above situations the U.S.
9 publisher re-uses material from the "home" edition,
10 which is a form of dumping, solicits Canadian ad-
11 vertising, prints a few pages of "Canada" news or
12 features and circulates the magazine in Canada. The
13 editorial costs are extremely low when compared
14 with those of the Canadian publisher. Canadian
15 business paper editorial costs average 14 to 18 per
16 cent and more of net advertising revenue. Therefore
17 a "Canada" edition has a built-in subsidy of this of
18 14 to 18 per cent amount in re-using its parent
19 edition's editorial content. This saving in editorial
20 costs enables the U.S. publisher to charge lower
21 advertising rates than the equivalent Canadian
22 publication in the same field. It also allows more
23 money for advertising, sales staff, promotion and
24 profit. There are also many other factors that do
25 not accrue to Canada's interest. I think Time is an
26 example of what I mean. It is only now deciding
27 whether or not it will print in Canada and, as we
28 heard this morning, that decision may be year
29 away. They may be waiting to find out just
30



Wallace,

- 61 -

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3 exactly what they are going to do as far as
4 printing costs are concerned, or where they are
5 going to print. But, there are other factors in
6 having these publications printed in Canada, and
7 other factors that give us unfair competition when
8 a Canadian edition of an American publications comes
9 into the field. We have to invest heavily in plants,
10 in buildings for our offices, in accounting depart-
11 ments and even in presidents, Mr. Chairman.

12 Considerable revenue is diverted from
13 Canadian business papers by the "Canada" edition of
14 "Time" magazine. During 1959 the amount was es-
15 timated at \$1,047,521 or roughly 26.6 per cent of
16 all the advertising in the publication or the type
17 of advertising that could normally be run in
18 business papers. This estimate was based on the
19 following product classifications: Trucks, tractors,
20 road building, construction and handling equipment;
21 construction materials; engineering and construction;
22 industrial machinery; industrial supplies; office
23 equipment; chemicals and plastics.

24 Six years ago, there was only one "Canada"
25 edition in the business paper field. This was
26 "Modern Medicine". Now, there are five, and,
27 just as recently as yesterday I received word that
28 there was still another "paper". We have business
29 paper Canadian editions in Canada: "M.D. of
30 Canada", "Cleaning Laundry World", "Fuel Oil News



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2
3 of Canada", the "Canadian Office" and yesterday I
4 heard that "Medical Economics", another publication
5 in the United States will soon be making its
6 debut in Canada with a Canadian edition. In
7 addition to these Canadian editions which are
8 starting to give us trouble, there is one case of
9 a split-run publication. "Paper Trade Journal",
10 published in New York, is now actively soliciting
11 Canadian advertising for Canadian circulation.

12 Mr. Chairman, I do not want to suggest to
13 you or Mr. Johnston or Mr. Beaubien that we do not
14 have a strong, healthy business paper industry in
15 Canada. We do have one. We are proud of it. But,
16 if this cancer of Canadian editions and overflow
17 circulations, split-runs and so on, are allowed to
18 grow, we in a very short period of time will be in
19 the same condition as the consumer magazine field
20 finds itself now.

21 It is very clear that a crisis will easily
22 develop in the Canadian publishing industry within
23 the next few years, unless steps are taken now to
24 preserve it.

25 Canadian business papers are widely read and
26 influential in the life of this nation because of
27 their quality and the desire of Canadian business
28 and professional men for truly Canadian magazines.
29 The verbatim comments I gave you before of Canadian
30 business leaders praising the Canadian viewpoint of



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2
3 the business papers they read could run to thousands
4 of examples. If you so want them, we would be pleased
5 to get them for you, Mr. Chairman.

6 The service rendered Canadians by the
7 Canadian business paper press can never be supplanted
8 by "Canada" edition, split-runs or regional editions
9 of U.S. magazines. Canadians have told us so by
10 the thousands.

11 We urge the Commission to recognize this
12 and we hope that they will recommend appropriate
13 action to be taken to ensure that a truly Canadian
14 business press will be available to disseminate ideas
15 trends, new developments, news reflecting the
16 Canadian way to business, commercial, industrial and
17 professional men who have already indicated that they
18 want Canadian business papers.

19 Thank you, Mr. Chairman, Mr. Johnston and
20 Mr. Beaubien for the time you have given me.

21 THE CHAIRMAN: Commissioner Beaubien, do
22 you have any questions?

23 COMMISSIONER BEAUBIEN: I have no questions.
24 Thank you.

25 COMMISSIONER JOHNSTON: I have one or two
26 questions, Mr. Wallace. I notice that Mr. Craig
27 is the President of your organization. Is he in
28 bad voice this morning? I was wondering why he
29 did not present this.
30



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2 MR. WALLACE: No, Mr. Chairman. Mr. Craig
3 was absent on an extended trip in ~~the~~ Far East and I
4 had the unhappy lot of preparing the brief, in
5 conjunction with some of my associates and, so, I
6 was asked to present it.

7 COMMISSIONER JOHNSTON: I must say it is a
8 very good brief and you presented your arguments
9 very forcefully and clearly, in my opinion. Now,
10 you mentioned that the Canadian business publications
11 have a large circulation abroad. What about their
12 subscription prices abroad?

13 MR. WALLACE: Their subscription price,
14 Mr. Johnston, is much the same as the U.S. publishers.
15 We charge \$20 a year for those copies of our publi-
16 cations that are circulated abroad; whereas, our
17 normal subscription price is \$5 a year for most
18 of our normal papers.

19 COMMISSIONER JOHNSTON: What about the United
20 States? Is your subscription price to the United
21 States the same as in Canada?

22 MR. WALLACE: No. Our subscription price
23 to the United States is \$10.

24 THE CHAIRMAN: And what is your subscription
25 price in Canada?

26 MR. WALLACE: It is \$5 in Canada.

27 COMMISSIONER JOHNSTON: I suppose these
28 control-distribution papers have a second-class
29 privilege? It is not as low a rate as the
30



1
2 subscription rate?

3 MR. WALLACE: That is correct, sir.

4 COMMISSIONER JOHNSTON: But, it is still
5 second-class?

6 MR. WALLACE: Second class mailing privilege.

7 COMMISSIONER JOHNSTON: On a poundage
8 basis?

9 MR. WALLACE: On a per ounce basis.

10 COMMISSIONER JOHNSTON: What about the
11 control circulation papers that come from the United
12 States; they would have the U.S. rate?

13 MR. WALLACE: They would have the U.S.
14 rate to pay, unless they ship their magazines by
15 truck into Canada and mail here.

16 COMMISSIONER JOHNSTON: Do you know of
17 any that do that?

18 MR. WALLACE: I do not know of any that
19 do that.

20 COMMISSIONER JOHNSTON: You mentioned the
21 zone rate that applies to U.S. papers in the U.S.,
22 and you mentioned that that would allow a paper
23 published in the U.S. to get to Vancouver, for
24 instance, at a lower rate than they would pay for
25 the same mileage or same distance in the U.S.

26 MR. WALLACE: Yes.

27 COMMISSIONER JOHNSTON: Well, have not
28 the Canadian publications the same privilege at
29 lower rates?
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MR. WALLACE: No, Mr. Chairman. The rate is the same for all of our publications distributed right across the country.

COMMISSIONER JOHNSTON: That is right. Then, if the Canadian rate were changed, it would affect Canadian publications as well as the imported publications?

MR. WALLACE: The reason I made this point, Mr. Johnston, was because we are trying to show that the U.S. Government, through the U.S. Post Office Department is actively encouraging U.S. publications to disseminate their information abroad, so they can have a lower rate of mailing on their foreign circulation.

COMMISSIONER JOHNSTON: They get a lower rate shipped into Canada than shipped ...

MR. WALLACE: ... than shipped from New York to Los Angeles.

COMMISSIONER JOHNSTON: This is a matter of which I have very little knowledge, but is it not a fact that they go across Canada at a low rate -- is it not due to the fact that Canadian rates are lower? You have the advantage of low rates in Canada?

MR. WALLACE: There is not that much difference, Mr. Johnston. They do not pay anything, of course, to the Canadian Post Office if they



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2 are mailing in the U.S. There is no revenue
3 coming to us at all and I think this is true --
4 there is no revenue coming to the Canadian Post
5 Office from the U.S. publishers who mail over
6 1,100,000 copies per issue.

7 COMMISSIONER JOHNSTON: That is right.

8 MR. WALLACE: But, I do not know what the
9 mailing post rates are in the U.S. I think they
10 are slightly higher than our rates in Canada. I
11 am not certain, but I can get that information for
12 you and submit it.

13 COMMISSIONER JOHNSTON: Would you be
14 opposed to any zone rating in Canada for Canadian
15 publications?

16 MR. WALLACE: Well I think that it is an
17 extremely difficult thing. In Canada, we have such
18 a wide country with such a narrow population belt
19 that I think that Canadian publishers would be
20 treated unfairly if we took this narrow population
21 belt which, of necessity, has to stretch from
22 Halifax to Vancouver, and gave it zone rates simply
23 because the peculiarities of our country were such
24 that all of our population was in this long, ~~long~~
25 narrow stretch.

26 COMMISSIONER JOHNSTON: I was curious when
27 I saw on page 21, Section 4, "M.D. of Canada";
28 is that a medical journal?
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ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

Wallace,

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MR. WALLACE: It is a medical publication,

yes.

COMMISSIONER JOHNSTON: Is it highly
technical in the medical field? What is the nature
of it? Are there competing Canadian magazines
in that field?



Wallace,

- 69 -

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3 MR. WALLACE: I would like Mr. Christie,
4 if I may, to speak to that. He is more familiar with
5 the medical field than I.

6 MR. CHRISTIE: Sir, it is not a clinical
7 journal. It deals with subjects that are closely
8 related to medicine or subjects where they do relate
9 medicine to the subject. It sounds like a round-
10 about explanation. It is a very difficult kind of
11 journal to explain. I think it would be simpler
12 to procure a copy and let you peruse it.

13 COMMISSSTONER JOHNSON: The ~~Cleaning~~ Laundry World;
14 you say here, has a substantial Canadian circulation.
15 Does it compete with Canadian publications?

16 MR. WALLACE: There are competing Canadian
17 publications. In fact, in all of these fields
18 there are competing Canadian publications. One of
19 the reasons, Mr. Johnston, that we cannot, I think
20 it is true to say, we cannot compete with these
21 fellows once they come in here is because we have
22 the cost factor of 14 to 18 per cent on the average
23 costs. In my company
24 on our editorial/over the past 14 years, and I am
25 not particularly proud of this, we have never
26 made more than 3 per cent profit in any one year.
27 How can we compete with only a 3 per cent profit
28 against somebody who had 14 to 18 per cent. Even
29 if he comes in with a Canadian edition and runs
30 half Canadian content and half lifted from his
American issue, he still has 7 to 9 per cent.

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2 I still cannot compete with him.

3 COMMISSIONER JOHNSTON: Have you any
4 figures, perhaps we should have asked Mr. Laurin
5 this question, have you any figures as to the average
6 cost or the average profit of the publishing industry
7 in the United States is any portion of the field?

8 MR. WALLACE: No, I haven't, Mr. Chairman.
9 I do know that some of the larger publishing houses
10 and I believe that is not secret, since it is a
11 published statement for the McGraw Hill Publishing
12 Company, in New York had a net profit last year of
13 10 per cent.

14 Does anybody know what it is?

15 MR. CHALMERS: We have it.

16 MR. WALLACE: I believe Maclean-Hunter have
17 those figures.
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4 COMMISSIONER JOHNSTON: Mr. Wallace, are
5 you, in your business, in the printing business?

6 MR. WALLACE: We have a printing plant,
7 yes.

8 COMMISSIONER JOHNSTON: Is it not a
9 fact that the printing industry has a notoriously
10 low return?

11 MR. WALLACE: On investments?

12 COMMISSIONER JOHNSTON: Yes.

13 MR. WALLACE: Yes.

14 COMMISSIONER JOHNSTON: Thank you, that
15 is all I have.

16 THE CHAIRMAN: Mr. Wallace, do I under-
17 stand your whole case is this: Your industry is in reason-
18 ably prosperous condition at the present time?

19 MR. WALLACE: Healthy.

20 THE CHAIRMAN: What you are saying to us
21 is we can live with the existing situation, but don't
22 let it get any worse. Is that it?

23 MR. WALLACE: That is right, up until six
24 years ago we only had one Canadian edition giving
25 us any problem. Now there are five or six and more
26 being announced. These have all been announced and
27 have all come into being in the past year or two.
28 We can see if something is not done now to stop
29 it we are going to have an impossible situation.

30 THE CHAIRMAN: In fairness, I noticed you



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2 spoke of a planned drive by the United States
3 authorities to circulate their magazines and
4 papers in Canada. This has been stated in nearly
5 submission made to us. You quote the Postmaster
6 General of the United States:
7

8 The idea was to encourage continued
9 growth in the world market for printed
10 materials which spread American ideas,
11 culture and facts abroad".

12 I think in this context and having regard
13 to this situation in which he was speaking, I
14 think that he was referring to South America.
15 That is why I do not think the Commission in this
16 country should take a statement like that without
17 some qualification. Mr. Sommerville was speaking
18 of Latin America, because he did not need to worry
19 about Canada. He had 76 per cent of all his stuff
20 here in **any** event.

21 I merely want to clear that up. I see it
22 in nearly all the submissions made to us, taking
23 it for granted and not giving us much specific
24 evidence that there is at the present time a
25 conscious planned attempt by the United States
26 Government to subverse our Canadianism. I do
27 not think that is quite substantiated by any facts
28 I have seen. Therefore, I think as a matter of
29 international courtesy we should not say that.
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MR. WALLACE: Mr. Chairman, I agree with you. I think somebody said yesterday, I forget who it was, we are being overwhelmed by friends. Like many Canadians and undoubtedly the three Commissioners I have many, many friends. I travel extensively in the United States, but it is rather like inviting your relatives.

THE CHAIRMAN: It is . fact of geography.

MR. WALLACE: You wind up with a housefull.

THE CHAIRMAN: I think what we are speaking of is an economical condition and a geographical and historical fact. I think we could deal with it on that basis, and perhaps effectively, but not by over-stating our case.

MR. ROGERS: Mr. Chairman, I wonder if I might say a brief word. Mr. Wallace said, does anyone know specific figures.



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THE CHAIRMAN: Would you identify yourself?

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MR. ROGERS: My name is Raymond Rogers
of the Saturday Night magazine.

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THE CHAIRMAN: What magazine?

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THE CHAIRMAN: I would have to base a
decision on information like that.

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Mr. Wallace, you mentioned you have 430
publications in your organization.

18

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MR. WALLACE: 430, Mr. Chairman, in
Canada.

20

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THE CHAIRMAN: In your own organization?

22

MR. WALLACE: In the business industry
newspapers.

23

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THE CHAIRMAN: Why do you call business
newspapers? How many newspapers have you got daily?

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MR. WALLACE: We have not any daily news-
papers, Mr. Chairman. I myself do not know where
the name came from. It has been in usage ever
since the early 1800's when publications of that
nature were coming out more regularly.



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3 than they are now and often times having newspaper
4 appeal to them. The name is just with the
5 association, I presume.

6 THE CHAIRMAN: That is newspaper format?

7 MR. WALLACE: The newspaper format has gone,
8 but the name stayed with it. As a matter of fact,
9 I was one of those during my 10 years as president
10 of the association, who wanted to have the name
11 changed to the Canadian Business Papers Association.
12 You know, that customs die hard, and it is not
13 always easy to change them.

14 THE CHAIRMAN: Thank you very much, Mr.
15 Wallace, for a very interesting submission.

16 MR. WALLACE: Mr. Chairman, before we
17 close could I have Mr. Craig direct a few remarks
18 to you?

19 COMMISSIONER BEAUBIEN: Mr. Wallace, you
20 said that Canadian business press had a substantial
21 circulation abroad. Is that right?

22 MR. WALLACE: Yes.

23 COMMISSIONER BEAUBIEN: What do you
24 attribute that to?

25 MR. WALLACE: I think the editorial
26 ability of our editors. The editorial quality
27 of our publications has such technicians, tradesmen,
28 professional men -- I can speak for example of
29 our Canadian Milling and feed. We have a former
30



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2 miller editing this publication and, although it
3 has a very small circulation we have a peculiarly
4 good foreign circulation. I think it is the editorial
5 quality of the publication that sells them abroad.

6 Of course, as you know, Mr. Beaubien, the
7 Soviet Union and Red China gulp up all the technical
8 literature from around the world they can get their
9 hands on.

10 COMMISSIONER BEAUBIEN: How many of the
11 430 publications are French, do you know?

12 MR. WALLACE: I am sorry, I don't know.
13 I think about 27, but I am not exactly sure. I
14 could get that information for you and bring it in.
15 In our membership of 144 members, 15 are French
16 language publications. I will be very pleased to
17 get this information for you.

18 COMMISSIONER BEAUBIEN: Thank you.

19 THE CHAIRMAN: Thank you, sir.

20 MR. WALLACE: Mr. Craig.

21 MR. CRAIG: Mr. Chairman, there are, as
22 Mr. Wallace suggested in the room two or three of
23 our senior publishers in the business paper field,
24 Mr. Daly and Mr. Christie and myself. We have one
25 or two points I would like to add to this brief.
26 I wonder if you would like us to add it now?

27 THE CHAIRMAN: How long will it take?

28 MR. CRAIG: Fifteen minutes, perhaps, I
29 would think.
30



Craig,

- 77 -

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2 THE CHAIRMAN: If you finish before 12.30
3 that is all right.

4 MR. CRAIG: My name is Craig, J.L. Craig.
5 I am Vice-President of Maclean's Publishing Company.
6 I am in charge of the business publication division.

7 I would like to go back, sir, to this
8 question which was raised in connection with the
9 circulation, the overflow circulation and the growth
10 of it, page 10 of the B.N.A. brief. There have
11 been some statements made which might give a erroneous
12 impression of what we are trying to point out.
13 The growth figures do speak for themselves. I would like
14 to say this: These are issue figures since many
15 of these publications are weekly or fortnightly.
16 Most of them are published at least monthly. This
17 means that there are between 15 and 20 million
18 copies of American business publications flooding
19 into Canada each year at a conservative estimate --
20 rough estimate.

21 Mr. O'Leary raised the point, how do we know
22 that this is a planned invasion of the Canadian
23 market. I would like to point out two points:
24 One, the circulation of so many of these publications
25 is being planned by the publishers themselves to
26 come into Canada on a free or controlled basis.
27 There are, I think, 344 members of the Audit
28 Bureau of Circulation in the business paper
29 category. Is that right?
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MR. WALLACE: Approximately.

MR. CRAIG: Approximately the right figure. You will note 1,497 publications which are sending these million copies of their publications.

I would refer you to page 11, paragraph 22.

I want you to relate this with the paragraph above it. You made the point, and ~~correctly so~~, it is being suggested the Government had a hand in it. In 1958 the U.S. Government Postmaster General announced a subsidy, that is in effect, for U.S. publications with foreign circulation. There has been, and I wish I had the figures, there has been, even since 1958 quite an appreciable growth of Canadian circulation for American business publications.

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/BC/ro 1 Paragraph 22 refers to one example of
2 this. Machine Design is a very successful publica-
3 tion with has been growing in stature in the States,
4 a publication of which until very recently you
5 could not get a copy except with great difficulty.
6 They would not even sell subscriptions to it.
7 Yet, just a short while ago -- I think a matter
8 of a few months -- the statement which is repeated
9 here on Page 11 appeared on the masthead of the
10 publication indicating the policy: "Machine Design
11 is sent at no cost to management, design and
12 engineering personnel whose work involves design
13 engineering of machines, appliances, electrical
14 and mechanical equipment in U.S. and Canadian" --
15 the underlining is ours -- "companies employing
16 20 or more people".

17 This certainly is typical of deliberate
18 planning on the part of the United States publishers
19 concerned and I know that others have been following
20 the same kind of practice.

21 On Page 12 at Paragraph 23 Mr. Wallace
22 commented on the fact that many United States
23 publishers sold their publications in Canada at
24 the same price or practically the same price as
25 that at which they were sold in the United States.
26 He did not emphasized, I think, the fact that the
27 foreign price in most cases was so much higher.

28 The chart was put in and it could be
29 explained in this way, that most American
30 publications are now trying to get their end of



1
2 run cost out of foreign circulation which they
3 feel has no value to their advertisers. That
4 is why you will see that the publication Iron Age,
5 for example, which Mr. Wallace reported as having
6 a circulation price in Canada of \$2 a year for
7 52 big thick issues, charges \$15 a year in all
8 other foreign markets. Similarly Purchasing
9 Week charges \$6; it is a weekly paper and they
10 charge \$25 in foreign markets. The \$25 is an
11 effort to recover as much as possible of their
12 costs in preparing those copies.

13
14 I think this does indicate a definite
15 plan on the part of American publishers to make
16 a substantial invasion of this market and, to
17 come back to your comment to Mr. Wallace, that
18 the business paper publishing industry in Canada
19 was reasonably healthy ---

20 THE CHAIRMAN: I was repeating what he
21 said.

22 MR. CRAIG: Yes, and this is true, we are
23 happy to confirm it, but I would like to emphasize,
24 as he did, that the climate at the present time
25 is very favourable for more of this kind of competi-
26 tion and it is on that that we are trying to close
27 the doors before the field becomes over-crowded.

28 THE CHAIRMAN: I think the storm signals
29 are already up.

30 MR. CRAIG: I think Mr. Daly of the Hugh



1
2 C. Maclean Publishing Company, has something to
3 say.

4 MR. DALY: My name is James Daly. I
5 am President of the Hugh C. Maclean Publishing
6 Company Limited which publishes 20 business
7 magazines. Our Company is a subsidiary, or a
8 separate division, of the Southam Company which
9 has separate publication interests in Canada.

10 I would like to comment on two points
11 here if I may. One is that Mr. Wallace gave you
12 one example from Page 4 of our brief on the kind
13 of service that business magazines are rendering
14 in Canada. Without reviewing the others on
15 Pages 5 and 6 I would like to draw them to your
16 attention in this sense, that the business magazine
17 as such is appreciated vitally within its small
18 community of interest.

19 You could draw a parallel between the
20 weekly newspaper, which serves a small geographical
21 community, and the business magazine which serves
22 an equally small community stretched out across
23 the country, but with a community of livelihood
24 of interest such as all doctors, all mechanical
25 engineers and so on and so on, and that nature
26 of the magazine gives it a particular intimacy
27 with a group of men at their job levels, the
28 way in which they earn their livings. There
29 is a hunger for Canadian information in these
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3 areas.

4 For example, there are examples in here
5 of things that can only be done by Canadian business
6 magazines and which could not possibly be done
7 on behalf of these areas by American magazines.
8 I draw that picture to your attention.

9 We discussed postal rates. We are
10 carrying, as has been pointed out to you, one
11 million one hundred and twenty-two thousand of
12 these American business papers in Canada free. We
13 are paying for our controlled circulation
14 publications, five cents per pound. The imbalance
15 is tremendous. We could give you the figures,
16 but I would doubt that there is five per cent
17 of that number of Canadian business publications
18 carried in the United States. So what is happening
19 here is that within these intimate communities
20 of livelihood we are paying a high rate, a premium
21 rate, whereas you know the newspapers enjoy free
22 postage within a 25 mile radius of their place
23 of origin. In that way, therefore, we are paying
24 a premium rate and suffering from this competition
25 that exists from overflow circulation.

26 The other point I want to emphasize if
27 I may is a repetition of this Canadian angle of
28 Canadian business papers. They serve national
29 interests from each of these areas, and you
30 would have to be in the lumbering field or contracting



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2 field or the engineering group, or something
3 else, to appreciate just what a Canadian interest
4 is. For example, Canadian consulting engineers
5 are trying to get jobs in South America. The
6 editor was down there with consulting engineers.
7 He comes back and reports on the opportunities
8 for Canadians there, and so on and so on.
9 But the point I want to bring out is with regard
10 to the comments of which a few were quoted on
11 Pages 16, 17, 18, 19 and 20 with regard to why
12 they want Canadian publications. These comments
13 were not solicited in any sense of asking them
14 about Canadian publications. These were all
15 part of the continuing readership research techniques
16 done by all the major publishers in the United
17 States or Canada which ask the readers either by
18 mail or personal interview what they think about
19 the magazine, "What should we do that we are not
20 doing?" And "What should we not do that we are
21 doing?" Someone has asked whether we do not
22 get any critical ones. We get a lot saying that
23 it is not Canadian enough or it is not eastern
24 enough or it is not western enough, or "You
25 are not doing this right", "You are not doing
26 that right." We get critical ones, but
27 these were not solicited for this purpose,
28 they were by-product comments of much larger
29 studies, and this shines through every readership
30



study in the business magazine field -- "Give us more Canadian information", "We need Canadian material".

---EXHIBIT NO. 0-14-60: Submission by Business Newspapers Association of Canada.

COMMISSIONER JOHNSTON: You mentioned, Mr. Craig, Machine Design, covered on Page 11 of the brief. Would that publication make suggestions to machine designers in Canada as to how to go about designing machines for particular purposes? If that is so would those designs, if they resulted in the Canadian machine being built, encourage the use of United States materials as opposed to something made in Canada.

MR. CRAIG: Yes, that is the case exactly. Machine Design would be reporting suggestions for design to design engineers in the United States and any in Canada who read the publication. The main editorial content would be for design engineers and, by definition, for Canadian companies employing 20 people. The design engineer is a very important person because he can specify at the beginning the types of materials, the components are the fabrication and so on that will be used. Often times they get very little specification and these are bought before anyone has a chance to think too deeply about other sources of supply.



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3 Since you have raised this question
4 I think it appropriate to say that in 1957
5 a Canadian publication was published to serve
6 this field. I suppose their publication has
7 been quite successful in Canada and there is
8 a Canadian publication doing this job and trying
9 to sell Canadian design, Canadian components,
10 Canadian materials to Canadian companies. There
11 are now two Canadian publications serving their
12 field in Canada.

13 COMMISSIONER JOHNSTON: There is a
14 similar situation in magazines serving purchasing
15 agents, I suppose.
16

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18 ---Luncheon Adjournment.
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---Upon resuming at 2 p.m.

THE CHAIRMAN: Mr. Laurin wishes to say a few words in answer to a question which was asked this morning.

MR. LAURIN: Thank you, sir. The point that was raised was the question of the statement of the Honourable Arthur B. Sommerville this morning. I am having this very carefully investigated because I don't want to overstate the case or mislead the case. I would like to, if I could now submit as an item the Postal mail rates as in effect in the United States under their International Mail Transmittal Letter, No. 26, of which I have been able to obtain a copy.

I would prefer to check the statement thoroughly before I comment further on it. Those rates indicate the rates to Latin America is almost double that in Canada, when it was put in effect. The Canadian rate is a special rate.

MR. QUINN: This will be entered as Exhibit O-15-60, Mr. Chairman.

---EXHIBIT NO. O-15-60: Postal mail rates in the United States.



SUBMISSION OF
MACLEAN-HUNTER PUBLISHING COMPANY LTD.

APPEARANCES:

Floyd S. Chalmers	-	President
Donald F. Hunter	-	Vice-president and Managing Director
Royd E. Beamish	-	Assistant to the President
Donald G. Campbell, C.A.		Vice-president, Finance.

THE CHAIRMAN: Mr. Chalmers.

MR. CHALMERS: Mr. Chairman and
Commissioners, my name is Floyd S. Chalmers. I am
President of the Maclean-Hunter Publishing Company
Limited.

I appear to support the submission made
on behalf of my company in writing and of which
copies have been distributed.

MR. QUINN: That will be entered into
the record as Exhibit O-16-60, Mr. Chairman.

---EXHIBIT NO. O-16-60: Supplementary sub-
mission of Maclean-
Hunter Publishing
Company Limited.

MR. CHALMERS: I have here today in
order to assist in answering any questions the
members of the Commission may wish to put the following:



Donald F. Hunter, vice-president and managing director;
Royd E. Beamish, Assistant to the President;
Donald G. Campbell, C.A., Vice-president, Finance.

I thank the Commissioners for the opportunity to enlarge upon the submission filed on behalf of my company. I shall avoid repetition of the submission itself.

In our submission, we state that we endorse and support the submission of the Periodical Press Association. For the record, I should like to add that we also support and endorse the submission of the Business Newspapers Association of Canada.

My company welcomed the appointment of this Royal Commission, representing, as it does, a serious effort by the Government to find ways and means of strengthening the national channels of communication in Canada. The Prime Minister has from time to time spoken of the need to develop a more rewarding Canadianism, the need to equalize the opportunity for Canadians to participate as the architects of the future in this country; to build a true national unity; to build in Canada for Canada. These words of the Prime Minister express aspirations that are in the hearts of all Canadians. We believe that our publications have a role to play in the realization of these objectives.

Our company has from the start been dedicated



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3 to two objectives. The first has been to make a
4 profit. No company can accomplish any objective
5 unless it survives. To survive it must operate at
6 a profit. The second objective has been to contri-
7 bute something important to the development of the
8 Canadian nation.

9 The other day I looked back through the
10 reports of some of the annual meetings of my company.
11 I found that this theme of helping to build a nation
12 recurred year after year in statements of policy
13 by my predecessors as president.

14 For example, in 1937, John Bayne Maclean,
15 our founder and first president, said:

16 "This is not an ordinary profit-making
17 corporation, but a purely national service
18 institution directly devoted to the pro-
19 motion of prosperity, comfort, content-
20 ment and happiness among our readers
21 and advertisers, and, through them, the
22 citizens of Canada generally. To do this,
23 we gather news, as reporters, throughout
24 the world. We publish it and interpret
25 it as teachers, and give a national
26 leadership in our different fields not
27 only through our papers but in many other
28 ways."

29 And here is a quotation from a statement
30 by the man who was the second president of the



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5 2
3 company, Horace T. Hunter, made at the annual meeting
4 of the company in 1955:

"We have two jobs to do in Canada.

5 One is to stimulate national prosperity; the
6 other is to nurture the Canadian spirit.

7 The whole Canadian economy operates
8 on decisions made by a great many people
9 all over the country: decisions to build
10 or not to build; to buy or not to buy;
11 to go into debt or to save; to travel or
12 to stay at home; to have a family now
13 or postpone it. The country grows in
14 proportion to the number of sound decisions,
15 as against bad decisions, that are made
16 every year by business executives,
17 government officials and plain, ordinary
18 people. Sound decisions must be based
19 upon the intelligent study of sound in-
20 formation. The first role of our
21 publications is to furnish the people
22 of Canada with sound information to guide
23 them to sound decisions. The second
24 role of our publications is to help
25 Canadians in the process of developing a
26 distinctive Canadian culture and a dis-
27 tinctive way of life. We seek to do this
28 by promoting a knowledge of Canada and
29 things Canadian among all our readers.
30



1
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3 "Our ultimate aim is to give them greater
4 pride in their citizenship; an under-
5 standing of their past; and faith in
6 their future."

7 As the third president of the company,
8 I am the inheritor of this tradition and this trust.

9 I have quoted from two former presidents
10 of my company. May I now quote an independent, out-
11 side appraisal of the role of Maclean-Hunter and
12 of our success or otherwise in performing our
13 public service role.

14 We were pleased and delighted three years
15 ago when the Canadian Citizenship Council selected
16 our company to be honoured for its contribution to
17 good citizenship over the years.

18 We were presented with a beaver skin,
19 appropriately inscribed, as a symbol of this honour.
20 May I read you the accompanying citation?

21 "Editorial policy of the Maclean-
22 Hunter Publishing Company sets for its-
23 elf two duties. One is to stimulate
24 national prosperity; the other is to
25 nurture the Canadian spirit. The first
26 is pursued by furnishing the people of
27 Canada with sound information; the second,
28 by promoting a knowledge of Canada and
29 things Canadian.
30



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3 "The avowed aim of this great national
4 enterprise is to give Canadians greater
5 pride in their citizenship, an under-
6 standing of their past and faith in
7 their future. We salute a long period
8 of successful effort, and achievement
9 that grows with every passing year."

10 What we are dealing with in my company,
11 what the Commission is concerned with today, are
12 intangible things.

13 The report of the Royal Commission on
14 National Development in the Arts, Letters and
15 Sciences called the Massey Commission said:

16 "Canada became a national entity
17 because of certain habits of mind and
18 convictions which its people shared
19 and would not surrender. Our country was
20 sustained through difficult times by the
21 power of this spiritual legacy. It is
22 the intangibles which give a nation
23 not only its essential character, but its
24 vitality as well."

25 It is such intangibles that comprise the
26 basic product of my company.

27 How have we, in our magazines, contri-
28 buted to the development of Canadian pride in
29 country, to the spirit of nationhood in Canada?

30 Intangibles are difficult to measure.



8
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3 Certainly no one could assess a magazine's real and
4 lasting value to its community merely by leafing
5 through a few current issues.

6 Happily, the book publishing firm of
7 McClelland and Stewart has done the very job I would
8 like to do. I am sure you have already seen the
9 book "Maclean's Canada" published just last month.
10 It contains some fifty articles that have appeared
11 in Maclean's over a period of about ten years.

12 I would like to file this as an exhibit,
13 if I may.

14 MR. QUINN: That will be entered as
15 Exhibit O-17-60.

16 ---EXHIBIT NO. O-17-60: "Maclean's Canada".

17 Individually, each was a useful, pleasing
18 and informative piece of reading. It is only when
19 they appear together in one book that one realizes
20 what a remarkable cross-section of Canadian life,
21 Canadian thought, Canadian spirit and Canadian
22 character they represent.

23 Quite recently, sir, another book has
24 been published, Yousuf Karsh and John Fisher. It
25 consists of many photographs, exciting photographs
26 telling the story of all the professions of
27 the people of Canada. The photographs are by
28 Yousuf Karsh and the story by John Fisher. The
29 book is as beautiful as the other. I should like
30



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3 to make this point about this point: These photo-
4 graphs were all commissioned by Maclean's Magazine
5 and the major portions of them appeared in Maclean's
6 Magazine as a result of that commission. I would
7 like also to submit this book as an exhibit, if
8 I may.

9
10
11 MR. QUINN: This will be entered into the
12 record as Exhibit O-18-60.

13
14 ---EXHIBIT NO. O-18-60: Book entitled Yousuf Karsh
15 and John Fisher.

16
17 Over all the years we have been publishing
18 Maclean's we have been giving Canadians a window on
19 Canada and helping them to see and understand
20 each other.

21
22 The series of articles on "Streets of
23 Canada" comes to mind as an example of how a
24 Canadian periodical entertains, informs and moves
25 its readers at the same time.

26
27 Canadians have been a migrant people,
28 particularly since the war, and hundreds wrote to
29 us to express nostalgic pleasure at the memories
30 that had been evoked by an article about a street
in the "old home town". Brilliant colour photo-
graphy, illustrating each article, also helped to
make Canadians everywhere more familiar with parts
of the country they had not seen and might never
visit themselves.

Similarly, Maclean's dealt with geography,



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3 history and sociology in its series on rivers of
4 Canada. In some of the finest writing that has been
5 published anywhere, outstanding Canadian authors
6 treated the various regions of Canada in terms of
7 the great rivers that flowed through them. And
8 Canada's finest artists were commissioned to
9 illustrate the articles.

10 Gordon Smith of British Columbia, Alex.
11 Coville of New Brunswick and Robert Bruce of Manitoba
12 were commissioned to illustrate the articles.

13 We did the same kind of job when we
14 commissioned Yousuf Karsh to travel from coast to
15 coast to capture the spirit of Canada through his
16 magic lens. Another book, just published under the
17 title "Yousuf Karsh and John Fisher see Canada" is
18 illustrated by scores of photographs "commissioned
19 on that occasion by Maclean's.

20 There are few authors of reputation in
21 this country who did not first appear on the national
22 scene through the pages of a Canadian magazine.
23 Thomas B. Costain, Stephen Leacock, Bruce Hutchison,
24 Hugh MacLellan, Morley Callaghan, Ralph Allen,
25 Roger Lemelin, Mazo de la Roche, Gabrielle Roy,
26 and scores of other talented Canadian writers have
27 reached the Canadian people through Maclean's.
28 Most of them published their first writings in
29 that magazine.

30 I was interested in, I believe it was the



11 1
2
3 last press release of the Commission. I am
4 not certain I have the copy, but it was indicated
5 that one of the things that the Commissioners desired
6 to inquire into is the manner in which the periodicals
7 of Canada contributed to the literary and artistic
8 development of the nation.

9 I should like to read into the record the
10 statements of certain awards that have been given in
11 the last few years.

12 The Governor-General's Award won by
13 Maclean's Magazine:

14 "The award is to reward authors of
15 books of special merit and to direct
16 the attention of the reading public
17 each year to a small group of meritorious
18 works in order to strengthen Canadian
19 literature by bringing the reading
20 public and the writers together.

21 The board selects a panel of three
22 judges for each class of awards. The
23 judges, each working independently and
24 without knowledge of the other judges,
25 vote by point for their selections:
26 seven points for first choice, five
27 points for second choice, two points
28 for third choice. The board collects
29 the judges' votes and adds a bonus when
30 two or more books win equal number of
points.



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TORONTO, ONTARIO

Chalmers,

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"The following are recent awards to authors for works that appeared originally in whole or in part in Maclean's:

1956 - Pierre Berton: 'The Mysterious North' -
creative non-fiction

1957 - Gabrielle Roy: 'Street of Riches' - fiction

Bruce Hutchison: 'Tomorrow's Giant' -
creative non-fiction

Thomas H. Raddall: 'The Path of Destiny' -
academic non-fiction

1958 - Colin McDougall: 'The Execution' - fiction

Pierre Berton: 'Klondike' - creative non-fiction.



BE/BC/ro

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1958 -- Colin McDougall: "The Execution" --
fiction.

Incidentally that book was the direct
result of the Maclean's Magazine \$5,000 standing
offer for a Canadian work. It was written and
won the \$5,000 award from Maclean's Magazine and
it had become one his great books of the post war
period in my opinion.

The second 1958 Award was to Pierre
Berton for "Klondike", a creative non-fiction
work.

I have also a list of the President's
medal, awarded by the President of the University
of Western Ontario, which has been awarded to
Maclean's Magazine seven times since 1951, seven
out of eight times. The Award is for the outstand-
ing short story, article or poem published in
a Canadian magazine, English speaking only.

I have also here a number of other
awards that have been won by not only Maclean's
but some of our other publications, such as
are sponsored by the Canadian Tourist Association,
the Canadian Women's Press Club award and so on.

To avoid making this tedious I will
file this as an exhibit.

---EXHIBIT NO. 0-19-60: List of awards won by
the Maclean-Hunter
group.



1
2
3 The priceless Notman collection of
4 photographs would probably not exist today if it
5 had not been for Maclean's. A Maclean's editor
6 discovered them - a conglomeration of more than
7 half a million prints pasted in albums or negatives
8 on glass plates, stowed away in packing cases,
9 uncatalogued, most unidentifiable, gathering
10 dust and grime in a basement warehouse. He realized
11 at once that he had come across a treasure trove
12 - an invaluable collection of Canadiana.

13 Maclean's underwrote to the extent of
14 many thousands of dollars the cost of having
15 this tremendous collection sorted out, classified,
16 catalogued and restored to usable condition.
17 It then turned the whole collection over to McGill's
18 Redpath Library. These photographs of a vanished
19 Canadian past are now available for reference by
20 anyone and will be preserved for many, many years
21 of usefulness. I am proud of this contribution
22 to Canadian art and history made by one of
23 our magazines.

24 For the record, I should indicate that
25 a very large number of these photographs were
26 used in the magazine.

27 One more point. You are all familiar
28 with the great paintings of Canadian scenes by
29 Franklin Arbuckle, appearing as covers on Maclean's.
30 There have been 92 of these covers. They are



1
2 surely an important contribution to Canada as
3 a nation. These paintings tell the story of
4 Canada as excitingly as Norman Rockwell has
5 depicted the habits and attitudes of the American
6 people.

7
8 I have chosen these examples from Maclean's
9 Magazine to demonstrate the point that there is a
10 job that needs to be done for Canada and the
11 Canadian people that cannot be done by any non-
12 Canadian publication.

13 A similar story could be told of our
14 other magazines. Chatelaine, for example, commissioned
15 Dr. Marion Hilliard to write a series of
16 articles on women and their problems. In book
17 form these articles have gone all over the world
18 but they were written first by a Canadian woman
19 doctor about Canadian women and for Canadian women.
20 Chatelaine promotes Canadian fashions; Canadian
21 attitudes to beauty, child care, family life.
22 Each year it commissions new homes to be built
23 in the different economic regions of Canada, and
24 in promoting these, raises the standards of house-
25 builders and house-buyers.

26 Canadian Homes works closely with the
27 National Industrial Design Council, with
28 furniture manufacturers, with house-builders and
29 manufacturers of building materials, with Canadian
30 gardeners and nurseries to promote a Canadian



1 For example, in 1957 Canadian Homes
2 featured a unique summer cottage which it had
3 commissioned from an architect and which was
4 designed to look its best in a Canadian northland
5 setting. That cottage has now been built in
6 every province of Canada and more than 300 sets
7 of plans have been provided to readers.

8 Our business papers perform similar
9 functions and indeed many of the examples of the
10 specialized work of the Canadian business press, set
11 forth in the submission of the Business Newspapers
12 Association, are from Maclean-Hunter business papers.

13 Recording and interpreting Canada for
14 Canadians is our daily job. This is our only
15 reason for existence; to inform and assist
16 Canadians in their daily life; to give them
17 facts and guidance they can use in home, office
18 or factory; to advocate great Canadian causes;
19 to develop and encourage attitudes and points of
20 view that are distinctively Canadian.

21 Who owns Maclean-Hunter? It is owned
22 to the extent of 99.9 per cent by employees and
23 estates and beneficiaries of deceased employees.
24 The one-tenth of one per cent represents a holding
25 of five shares of our common stock that the
26 late Colonel Maclean, who was an emotional Scot,
27 gave many years ago to the chief of the Maclean
28 clan in Scotland.

29 No shares have ever been publicly sold.
30



1
2 This has permitted us to pursue a conservative
3 dividend policy and to plough back most of the
4 company's earnings in new developments. Usually
5 we plough the earnings back before we have them.
6 As Colonel Maclean put it in 1937:

7 "This institution has not now nor has it
8 had at any time in its half century of
9 existence one cent of outside capital.
10 And all through these years we have nearly
11 always been hard up. You know my original
12 policy: to go into debt to build the
13 organization one year; the following
14 year to make a surplus and dig it back
15 in; and the next year, to go into debt
16 to build again."

17 If Maclean-Hunter is strong today, and it
18 is strong, it is because of such policies.

19 As our printed submission has shown,
20 Maclean-Hunter has published periodicals since
21 1887 and magazines since 1905. Our 55 years
22 of magazine publishing has been a rewarding exper-
23 ience in terms of making a contribution to
24 the development of the Canadian spirit of
25 nationhood. Financially, it has been a less
26 rewarding activity. Putting profits and losses
27 together, Maclean-Hunter has made -- in more than
28 half a century -- a gross profit, before taxes,
29
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3 of \$411,000 on \$130 millions of magazine revenues.

4 THE CHAIRMAN: But not on your entire
5 operation? This is on magazine revenue alone?

6 MR. CHALMERS: This is set forth more
7 fully in the submission. It is indicated clearly
8 that this figure deals solely with magazine
9 revenues and profits of the company. I am
10 coming to a point in a moment which will perhaps
11 clarify this in your mind.

12 Of the five magazines it has published
13 in that 55 year period, only one, Maclean's,
14 has made a profit. On our other magazines we have
15 suffered a net loss.

16 The company has enjoyed a much more
17 profitable experience in commercial printing
18 and publishing business papers.

19 I should like to submit a comparison
20 which demonstrates this point.

21 In the 10 years to December 31, 1960 (with
22 figures for the last two months of this year
23 necessarily estimated), the company's total
24 sales turnover has been roughly divided 50-50
25 between revenues of the magazine division and
26 revenues of all other phases of our operations -
27 commercial printing, the Canadian Press Clipping
28 Service, the business papers, The Financial Post
29 and the Corporation Service.
30



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The exact figures are: Revenue for
magazines, 1951-1960, \$75,486,763. The revenue
from all these other sources that I have mentioned
from 1951 to 1960 is \$77,528,836. In the same
10 year period the earnings before taxes and
donations and some other charges have been:)
the loss on the magazines, 1951-1960, \$654,025;
the earnings before taxes on these other operations
from 1951-1960, \$12,128,498.



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3 These figures are submitted to show that
4 it is not in the publishing of magazines by Maclean-
5 Hunter that the company's profits have been earned.
6 I should like to point out also that by themselves
7 these figures tend to exaggerate the final net
8 position of the company. These are the gross
9 earnings figures of the various publications and
10 departments. Before we can determine the net profit
11 position of the company, a number of items have to
12 be deducted from these, such as donations to
13 charitable and similar organizations, losses on
14 operations of our buildings, pensions to older
15 employees whose period of service large antedated
16 the establishment of our pension plan in 1941;
17 corporate legal expenses, etc., and then after
18 these deductions have been made, there is one further
19 major deduction, the largest of all, the one that
20 is made by the tax collector who today gets a larger
21 share than that which is retained by the company
22 itself.

23 I think that the figures which I have
24 just read into the record do give a very accurate
25 comparative picture of the relative earnings in our
26 company of magazines and commercial printing
27 press and business papers, etc.

28 It will be clear that it is our earnings
29 in these non-magazine areas, coupled with a policy
30 of very modest dividend payments - the present



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3 payments on common shares are \$40,000 a year - that
4 have given the company considerable financial
5 strength. This has enabled Maclean-Hunter to
6 pursue a bold and, I hope you will agree, public-
7 spirited policy with its magazines, a policy not
8 entirely justified in purely financial terms.

9 For the record, I should like to state that
10 Maclean-Hunter, as a company, earns no profit by
11 the sale of services, such as printing, rental of
12 office space, etc., to its publications. All our
13 printing, for example, is done for the publications
14 at cost.

15 There is no other source of profit,
16 except there have been occasions when we perhaps had
17 some surplus funds, waiting on a new building program
18 or new equipment which you might have invested on
19 short-term securities. That would be from further
20 sources of earnings. But, there is no profit earned
21 on any of our publications by the company in providing
22 them with services.

23 I speak in our submission of the importance
24 of creating a climate that would permit the launching,
25 with a reasonable chance of survival, of new
26 periodicals, particularly general magazines, in
27 which the creative genius of young Canadians could
28 have full play. I want to make it clear that this
29 is not a new idea born in my mind since this
30 Commission was appointed. I have always regarded



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3 this as a matter of great importance to Canada. At
4 the annual meeting of my company, in 1959, I made
5 this statement:

6 "Our magazines, despite their over-
7 all loss picture, are the most solidly
8 entrenched of Canada's national magazines.
9 It is our intention to continue to develop
10 them and to produce issues of a quality
11 and a Canadian content that will inspire
12 pride and confidence in them on the part
13 of the people of Canada. We shall not
14 default on our share of the responsibility
15 of ensuring that this country has its
16 own national periodical literature.
17 But there are other magazine publishers,
18 whose financial resources do not match
19 our own. The survival of their publi-
20 cations is equally in the interest of
21 this country.

22 Moreover, new magazines are needed in
23 this country to provide additional voices
24 in the chorus of Canadianism. I am afraid
25 that such new magazines will remain unborn
26 until the harshness of the competition
27 from foreign publications, dumped into
28 this country, is lessened."

29 I said that 20 months ago.
30



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3 Obviously, new Canadian magazines would
4 mean more competition for the periodicals published
5 by my company. All right, let's have such com-
6 petition, plenty of it. Let us have a climate in
7 which the one-publication publisher can survive while
8 standing on his own feet. Maclean-Hunter's
9 three magazines exist today, as I have shown, be-
10 cause of the varied nature of our business and the
11 profits we have been able to make on activities
12 other than magazine publishing. But the Commission
13 is not concerned only with the survival of Maclean-
14 Hunter and its particular magazines. It is concerned,
15 I know, with the great Canadian magazines that once
16 informed the people of this nation and no longer
17 exist; the Canadian Magazine, the Canadian Courier,
18 the National Home Monthly, for example. And it is
19 concerned, I am equally certain, with the magazines
20 that have never been born. Where are this nation's
21 counterparts of Atlantic Monthly, Punch, Life,
22 Vogue, Newsweek, Time?

23 Maclean-Hunter will welcome new competition;
24 but it would like it to be Canadian competition;
25 publications that will enlarge the periodical pipe-
26 line through which Canadian ideas flow from sea to
27 sea.

28 Here is a question that may be in your
29 minds; American publishers sell their magazines in
30 Canada; why don't we sell our magazines in the



United States? I'd like to discuss this.

Our broad editorial policy, over the years, has been to maintain our various periodicals as mediums of Canadian expression. We do not fill them with the pictures of American TV and movie stars; with fiction by American authors in American settings; with articles about glamorous American baseball and Olympic heroes, etc. We reserve the right to cover such subjects occasionally in a Canadian connotation or setting. For example, we recently devoted an entire issue of Maclean's Magazine to a Canadian interpretation, for Canadians, of the United States. Only one article in that issue was by an American; we felt that when we wrote so much about the United States, it was a gesture of courtesy to give an American the right of rebuttal. We write occasionally about U.S. political figures and we even sent Yousuf Karsh to Hollywood to photograph movie stars and Bruce Hutchison to interview them. Our staff writers have published similar interviews with many world figures. But all this is part of the process of giving Canadian readers a Canadian window on the world.

Because we insist upon remaining thoroughly

5

Canadian we feel our magazines have very limited appeal to Americans. We have always refused offers from American distributors to put our magazines on sale in the United States. What I have said to my associates, when it has been suggested that we do this, is that if we were to sell our magazines in the U.S.A. our editors might gradually succumb to the temptation to give their publications a stronger appeal to American audiences as such. This would merely endanger the solidly Canadian character of the magazines.

And then there is the very obvious point that most large American companies sell their goods in this market and consider the overflow advertising beneficial. Our exports to the U.S.A. are largely natural resource products not nationally advertised. Very few of our advertisers want foreign circulation.

The very appointment of this Commission has, in my opinion, served notice on the world that it is not the intention of our people to permit the periodicals of this country to be entirely wiped out by the pressure of foreign periodicals, which glorify the habits, the social patterns and the personality figures of other peoples, and quite properly so, since they are published primarily for these other peoples. Recommendations made by this Commission, and carried into legislative

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ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO



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3 or administrative action, can lay a sound foundation
4 for the further development of this nation's periodical
5 literature as an agency of nation-building.

6 The problem of maintaining and developing
7 our national periodical press is not one capable of
8 solution by any single magic formula. You cannot
9 simply say, "Keep these foreign publications out of
10 the country and all will be well." This is not a
11 dictator state; we are a nation of free people. As
12 such, literate Canadians demand the right to read
13 whatever the creative genius of the entire world makes
14 available to us either for our edification or our
15 entertainment. The Canadian people do not wish
16 to be denied the right of access to the literature,
17 the ideas and the news of the world. We make no such
18 proposal to this Commission.

19 The objective, rather, must be to ensure
20 that, while Canadians have access to the world's best
21 magazines, they also have the assurance of continuing
22 access to a strong and numerous group of their own
23 native magazines. In recent years the freedom of
24 choice of the Canadian reader has narrowed more and
25 more; and if the present trend persists for much
26 longer, his only freedom will be to choose among
27 foreign publications. Freedom of the press,
28 freedom of choice of reading matter, are not issues;
29 but the freedom of Canadians to have their own
30 periodical press is most definitely an issue.



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3 No self-respecting, independent people will
4 stand for the domination of their minds by another
5 nation through press, television, radio, films,
6 etc. Our Government has taken steps to protect
7 TV and radio from foreign domination. We have a
8 highly subsidized national broadcasting agency and
9 a national film-producing agency. Now we have this
10 Royal Commission investigating the role of the
11 periodical in the process of nation-building;
12 searching for a means to ensure that Canadian
13 thought and opinion may be expressed through our
14 own national publications without being shouted down
15 by the combined voice of foreign periodicals,
16 which now enjoy such overwhelming numerical
17 superiority in this country.

18 THE CHAIRMAN: Thank you, Mr. Chalmers.
19 Could you have one of your colleagues read your
20 original submission? I do not ask you, but could
21 you have one of your colleagues do it?

22 MR. CHALMERS: I would be very happy to do
23 it, Mr. Chairman. This is dated October 21, 1960.
24 This is on the letterhead of Maclean-Hunter
25 publishing Company Limited and it is addressed
26 to the Chairman and members, the Royal Commission
27 on Publications, Ottawa:
28
29
30



1
2 To the Chairman and Members:

3 The Royal Commission on Publications

4 OTTAWA

5
6 Sirs:

7 1. This statement is presented on behalf of
8 the Maclean-Hunter Publishing Company, Limited.

9 My company supports and endorses the
10 brief presented to the Royal Commission by the
11 Periodical Press Association.

12 The chief purpose, then, of this brief is
13 to place before the Commissioners certain aspects
14 of the experience and policies of the Maclean-
15 Hunter Publishing Company, Limited, in the pub-
16 lication of periodicals.

17 2. Maclean-Hunter is not the pioneer of either
18 magazine publishing or business paper publishing
19 in Canada, but the company is generally regarded
20 as the largest Canadian company in each of these
21 two fields, and I believe this is a correct
22 appraisal.

23 3. The company now known as Maclean-Hunter
24 was founded in 1887 by the late Colonel John Bayne
25 Maclean. His first publication was Canadian
26 Grocer, a trade journal. Later he added other
27 trade papers and technical journals, which on the
28 whole were profitable.

29 To-day the company publishes in Canada
30 three magazines and 41 business or trade papers.



1 It also operates a commercial printing business.

2 4. The total Canadian sales of the company
3 in 1959 were \$20,541,319 and the total net profits
4 after taxes and before appropriations to contingency
5 reserves were \$672,159. This was slightly less
6 than 3.3 per cent of total turnover.

7 Dividends paid by Maclean-Hunter in the
8 year were \$24,192 on the preference shares and
9 \$40,000 on the common shares. Since it was founded
10 the company has pursued a very conservative policy
11 in payment of dividends. Earnings have been
12 largely re-invested in buildings and equipment and
13 in the development of new publications.

14 5. The three magazines in 1959 represented
15 47 per cent of our total sales, but produced less
16 than 10 per cent of the contribution to profits.

17 6. Colonel Maclean founded his first general
18 magazine in October 1905. He took over a small
19 house organ known as The Business Magazine, made
20 it into a general magazine and renamed it the
21 Busy Man's magazine. Six years later it became
22 Maclean's Magazine.

23 The first two issues were devoted entirely
24 to digests from other magazines. The first original
25 material appeared in the second issue - a profile
26 of Senator Fulford by Augustus Bridle.

27 7. Since that time the company has been
28 involved in the publishing - or planned publishing -
29 of seven magazines as follows:



1 Maclean's, first a monthly, then a
2 twice-a-month magazine, and ultimately
3 a fortnightly magazine. It has absorbed
4 no other magazine but has at various
5 times taken over a portion of the cir-
6 culation of other magazines when they
7 were forced to cease publication. The
8 two most important of these were the
9 Canadian Magazine and the National Home
10 Monthly.

11
12 Maclean's has a paid circulation of
13 510,667 (publishers' report to ABC,
14 October 24, 1959 issue).

15 Farmer's Magazine, founded in 1910
16 published by the company until 1922,
17 when it was folded up.

18
19 Canadian Homes, founded in 1924 by
20 Rupert W. Davies, bought by the
21 company in the next year and contin-
22 uously published since.

23 This magazine took over the sub-
24 scriptions of Your House and Garden
25 in 1951 when that magazine was forced
26 to cease publication.

27
28 The circulation is 129,604 (publishers'
29 report to ABC, October, 1959 issue).
30



1 Mayfair, founded 1927 and published
2 by Maclean-Hunter until 1955, when
3 it was sold to a new publisher.

4 Chatelaine, founded in 1928 and
5 continuously published since then.
6 In 1958, Chatelaine acquired the
7 circulation of Canadian Home Journal,
8 which ceased publication.

9
10 The circulation is 763,986, (pub-
11 lishers' report to ABC, first 3
12 months of 1960).

13 Chatelaine-La Revue Moderne, published
14 in French and edited for French-
15 Canada by a completely French-Canadian
16 staff. The basic circulation is that
17 of the former La Revue Moderne, whose
18 circulation lists were acquired for the
19 purpose. The first issue appeared in
20 October 1960.

21
22 Circulation is estimated at 125,000.

23 Le Magazine Maclean, a monthly French
24 language counterpart of Maclean's
25 Magazine, scheduled to appear first
26 in February 1961.

27
28 Circulation is estimated at 90,000.
29
30



8. In the course of the years between 1905, when Maclean's was founded, and the end of 1960, the financial record of this company in the publishing of magazines has been as follows (with figures for the last few weeks of 1960 necessarily estimated):

Total revenues \$129,988,695

Total gross profit before

taxes and donations \$410,604

9. A break-down of these figures can be made by decades:

	<u>Revenues</u>	<u>Profits</u>
To December 31, 1910	\$ 88,889	\$ 14,830 (Loss)
" " " 1920	1,976,875	169,603 (Loss)
" " " 1930	8,155,934	110,489 (Loss)
" " " 1940	14,819,981	117,965
" " " 1950	29,460,253	1,241,586
" " " 1960	<u>75,486,763</u>	<u>654,025 (Loss)</u>
	<u>\$129,988,695</u>	<u>\$ 410,604</u>

It will be noted that the one really profitable decade was the one that included the period of wartime and immediate postwar shortages of paper, etc. Advertising space was rationed; all copies sold out quickly on the newsstands. Staffs were short; salaries and wages were under governmental control.



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MR. CHALMERS: I do not like the word
"profit". I am going to say it is gross profit
before taxes.

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1 10. The record of the individual magazines
2 is as follows:

3		<u>Revenues</u>	<u>Profits</u>
4	Maclean's	\$ 73,997,886	\$2,918,910
5	Chatelaine	40,004,255	1,180,620(Loss)
6	Canadian Homes	11,159,951	1,000,681(Loss)
7	Mayfair	4,109,034	123,143(Loss)
8	Farmer's Magazine	<u>717,569</u>	<u>203,862(Loss)</u>
9		<u>\$129,988,695</u>	<u>\$ 410,604</u>

10 11. Our books are open to inspection by govern-
11 ment or other auditors appointed by the Commission.

12 12. During the year 1960, with some figures
13 necessarily estimated, we expect to have total
14 revenues on our magazines of \$10,305,151 and a loss
15 of \$275,869.

16 13. It will be obvious to members of the
17 Commission that Maclean-Hunter has not achieved its
18 present position in the industry on the profits of
19 magazine publishing. We have derived net income
20 from other sources such as business papers,
21 commercial printing, a press clipping service and
22 The Financial Post Corporation Service, and in
23 carrying on profitable operations in Britain
24 and the United States.

25 x x x

26 14. In the case of a company such as Maclean-
27 Hunter, with a widely diversified group of publica-
28 tions, it is possible to sustain a group of magazines
29 because the creditors are not knocking on the door
30 every day. But it is not desirable that Canada's



1 that these strongly American influences be offset
2 by Canadian "shelter" magazines.

3 There is only one such national magazine
4 in Canada, Canadian Homes, plus an excellent pub-
5 lication serving the West Coast, Western Homes
6 and Living. Canadian Homes is a very beautiful,
7 very practical and very helpful magazine seeking
8 to assist Canadian home owners in their uniquely
9 Canadian problems. It helps to create a market
10 for Canadian architects, Canadian designers and
11 the products of Canadian industry. Yet the annual
12 losses on Canadian Homes are quite fantastic.

13 18. In such a climate what chance has any
14 talented group of young Canadians, seeking to
15 serve their country in the periodical field,
16 to survive?

17 19. Canada needs more and not fewer national
18 magazines. It needs more and not fewer magazine
19 publishers.

20 20. Our company would welcome nothing more
21 than a larger group of strongly supported, well
22 financed, efficiently managed and imaginatively
23 edited Canadian national magazines. Such new
24 competition would inevitably lead to a strength-
25 ening of the whole field of national periodical
26 publishing in this country.

27 x x x

28 21. While our company is the largest pub-
29 lisher of magazines in Canada, it does not



1 dominate or monopolize the market. I should like
2 to put in the record some figures which show pre-
3 cisely Maclean-Hunter's relative position.

4 22. In 1959 the volume of advertising in
5 Maclean-Hunter magazines represented 40.9 per
6 cent of the advertising volume in magazines in
7 Canada.

8 23. The volume of advertising in Maclean-
9 Hunter business papers in 1959 represented
10 33.8 per cent of the advertising volume in bus-
11 iness papers in Canada.

12 24. Together this advertising represented
13 2.9 per cent of advertising expenditures in Canada.
14 The percentage figure is less than it was in 1946,
15 the earliest year for which I have compilations.
16 We believe that our company stands fifth or sixth
17 among Canadian corporations competing for adver-
18 tising dollars.

19 The figures have been estimated by
20 Maclean-Hunter Research Department.

21 x x x

22 25. Maclean-Hunter publications are completely
23 independent in politics. They do not have a uniform
24 editorial policy. The individual editors have the
25 maximum freedom of expression on public matters,
26 the only concern of management being that news should
27 be accurately presented; comment should be fair
28 and good-tempered; and points of view that differ
29 from the publication's own view on any matter should
30 have a chance for expression.



26. We have endeavoured on our magazines continually to improve their editorial services to the people of Canada, and their interest to their readers. This has been expensive.

27. In the past ten years the editorial costs per page of our three magazines have increased in the following proportions:

	<u>1949</u>	<u>1959</u>	<u>Increase Per Cent</u>
Maclean's	\$286	\$549	91.9
Chatelaine	\$262	\$508	93.8
Canadian Homes	\$ 84	\$317	277.4

28. We have greatly increased salaries; we pay much higher rates for contributed material; and more for art and photography.

29. A very considerable number of freelance writers and photographers are now able to enjoy a comfortable living from their contributions to Canadian magazines alone. It took many years to reach such a position. The migration of Canadian writers and artists to the glamorous New York and Hollywood markets is a trickle compared to what it was between the two world wars.

30. We are happy to have been able to make a contribution to this improved situation. If a healthier climate can be created for magazine publishing in Canada, many creative writers and artists in this country will benefit.

31. Of course, editorial costs are only a fraction of total costs. For example, paper, ink,



1 printing and postage cost nearly \$4.00 for each
2 \$1.00 spent on editorial content.

3 x x x

4 32. Maclean-Hunter publishes both magazines
5 and business papers in the two languages of this
6 country. We publish three business papers in
7 the French language and are now launching two
8 magazines in the French language.

9 33. Canada is a bilingual and bicultural
10 country, both officially and in fact. No
11 publisher of national magazines or other period-
12 icals can feel that he is extending his service
13 to the entire nation if he does not recognize
14 the existence in this country of a large segment
15 of the population whose language of expression,
16 understanding and communication is French.

17 34. We have a very clearly defined policy
18 with respect to the editing of our French language
19 publications. It can be expressed in three brief
20 sentences:

21 (a) The French language edition
22 must not be a simple trans-
23 lation or adaptation of a
24 publication originally
25 edited and produced for the
26 English language population
27 of Canada.

28
29 (b) The French language magazine
30 must be edited by French-speak-
ing editors for a French-speak-



1 ing audience.

2 (c) While all the editorial re-
3 sources of the English edition
4 must be at the service and
5 command of the editor of the
6 French edition, equally the
7 features developed by the French
8 editors of the French publica-
9 tions must be available to the
10 editors of their English counter-
11 parts.

12 35. I should like to develop these points a
13 little further.

14 The people of French Canada are justly
15 very proud of their distinctive cultural heritage.
16 They are anxious and willing to draw upon the creat-
17 ive and intellectual resources of the entire world
18 in the development of their own cultural strength.
19 But they are no more willing to see their unique
20 and brilliant letters, arts and intellectual con-
21 cepts engulfed in a tidal wave of influences from
22 other parts of Canada than Canada as a whole is
23 willing to have its national identity destroyed
24 by the excessive penetration of foreign ideologies
25 and cultural or literary influences. We recognize
26 and respect this French-Canadian point of view.

27 36. The editorial staffs of our French language
28 publications are entirely French-Canadian. These
29 editors have complete and final authority to deter-
30 mine their editorial policies and to select their



1 articles and illustrative material. The editor of one
2 of our French language publications is in no sense,
3 officially or unofficially, subject to the authority
4 of the editor of that publication's English speaking
5 counterpart. Mr. Pierre de Bellefeuille, editor
6 of Le Magazine Maclean, does not report to Mr. Blair
7 Fraser, editor of Maclean's Magazine. The editor of
8 L'Epicier does not report to the editor of Canadian
9 Grocer; and so on.

10 37. We want our five French-language publications
11 to contribute something to the understanding by the
12 people of one part of Canada of the people of other
13 parts of Canada. Therefore we have provided that,
14 if any article or other material is arranged or commiss-
15 ioned by the editor of one edition, that article
16 or material is freely available to the editor of
17 the counterpart edition.

18 38. We hope and believe that this policy
19 will prove to be of the utmost importance to this
20 country in two different ways:

21 (a) It will ensure to the writers
22 and artists of French Canada
23 access to the English popula-
24 tion of Canada, an audience
25 which has not been freely
26 available to them in the past,
27 except in the case of a very
28 limited number of creative
29 people. We believe that the
30 publication of Chatelaine-La



Revue Moderne and Le Magazine

Maclean will have a profound influence in giving encouragement and opportunity to the writers, illustrators and photographers of French Canada.

Equally it will ensure that the people of French Canada will have access, in their own language, to the best literary and artistic work of the finest writers in English Canada.

(b) It will ensure that the two main groups of people in Canada - those who think and express themselves in English and those who think and express themselves in French - will be provided with an ever expanding opportunity to get to know and understand each other.

39. We have set no quota or standard for the exchange of content between the publications. The overlap or exchange of content may fall as low as 20 per cent in some issues; it may go as high as 60 per cent in other issues. This will be determined by the individual editors; not by the publishers laying down rules and stipulations.

This policy has worked out well on our business publications, where we have separate papers



1 in French and English in three different trades, and
2 we are confident it will work on the magazines.

3 X X X

4 40. The members of the Commission will have
5 noted my repeated suggestion that Maclean-Hunter
6 magazines exist today because the company's
7 diversified sources of income provide it with the
8 financial strength to give this country what we
9 believe to be very worthy elements in a national
10 periodical literature.

11 41. At this point I should like to emphasize
12 our deep concern in respect to a phase of the pro-
13 blem discussed in the briefs of the Periodical
14 Press Association and the Business Newspapers Asso-
15 ciation.

16 What has happened in the general magazine
17 field could happen in the business paper field. We
18 could very easily have a rash of so-called Canadian
19 editions of American business papers, or Canadian
20 regional runs, carrying Canadian advertising.

21 If that happens, then the major source
22 of Maclean-Hunter profits will disappear and the
23 resources available to ensure the future development
24 of our magazines will be critically reduced.

25 42. Business publications are vital in
26 themselves to the nation and we hope their
27 future will be safeguarded in the Commission's
28 recommendations. But business publications are
29 essential also as assurances of the survival of
30



1 many of Canada's national magazines.

2 x

x

x

3 43. The publication of magazines is both
4 a business and a means of providing a nation with
5 a powerful medium of communication. From the
6 economic point of view, Canada is concerned with
7 the tangible economic benefits of developing its own
8 national and Canadian publishing and printing activities,
9 which can contribute so much to employment. My com-
10 pany employs 1,800 people, and through its purchases
11 of paper, ink, printing plates, articles, fiction,
12 art, illustrations and other "components" contributes
13 to the employment of many more Canadians.

14 44. James E. Coyne, governor of the Bank of Canada,
15 said in Calgary on October 5, 1960:

16 "The approach to the problem of un-
17 employment needs measures which are
18 specifically pinpointed or directed
19 towards creating employment in Canada
20 and stimulating production in Canada."

21 From the material or purely economic view, from
22 the standpoint of helping this country to ease its
23 heavy load of unemployment and balance its interna-
24 tional books of account, the development of Canada's
25 own periodical publishing business and a lessening of
26 the outflow of dollars for the products of foreign
27 publishers is desirable.

28 45. We do feel, however, that even such strong
29 economic considerations are second in importance to
30 the non-material and national considerations. Mr.



1 Coyne, in the same address said:

2 "The act of federation committed the
3 Canadian people in the various regions
4 to the assertion of the paramountcy
5 of political, cultural and spiritual
6 values over purely economic values.
7 Our national pride springs from that
8 decision."

9 46. It is in this area - the area of ideas, of
10 knowledge and love of country, of political information,
11 of cultural expression, of the development of the
12 national spirit - that the problems of magazine
13 publishing in Canada acquire their major national
14 significance.

15 47. We are sure that it is accepted by the
16 vast majority of Canadians that the maintenance of
17 Canada as a free and independent nation is worth
18 while. Professor W. L. Morton, president of the
19 Canadian Historical Association, said this last
20 June of the development of our national culture:

21 "It is an accomplishment worthy of
22 a better end than absorption in
23 another and an alien society, however
24 friendly and however strong in its
25 own ideals."

26 48. The magazines of Canada have contributed
27 greatly to the growth of a spirit of Canadianism.
28 They have a continuing contribution to make.
29 They are not the only agency performing this
30 function, but they are an important one.



1 49. I take it for granted that most Canadians will
2 agree with the assessment of the worth to the Nation
3 of Canada's periodical press as set forth in the
4 report of the Massey Commission and quoted in the
5 submission of the Periodical Press Association.

6 If the members of this Commission accept
7 it as important that Canada's magazines and other
8 periodicals should survive, and should increase
9 in number or gain in strength and influence, then
10 what is being dealt with is not a purely commercial
11 or industrial problem but a national problem in the
12 realm of the spirit.

13 We are not dealing with instrumentalities
14 of national building, but agencies which assist
15 in the maintenance and development of Canada's
16 integrity as an independent nation - independent
17 in its culture, in its political structure, in its
18 economic life.

19 50. The survival of Canada's periodical
20 literature is essential in this job of nation-
21 building to which Canadians have dedicated them-
22 selves over many decades. It is an enterprise
23 of the national significance, if not of the same
24 magnitude perhaps, as the building of the CPR
25 or the establishment of the CBC.

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1 It is in this spirit that I am sure
2 that the Commissioners approach their difficult
3 task of examining the problem which none of us in
4 periodical publishing regards as simple to solve.

5
6 Respectfully submitted,

7 MACLEAN-HUNTER
8 PUBLISHING COMPANY LIMITED

9
10 President
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3 MR. CHALMERS: Mr. Chairman,
4 if I might make an interjection, referring to
5 Paragraph 5 on page 2 of the brief, I would like
6 to say at this time that it will be noted that
7 our magazines made a profit last year and
8 I want to call your attention to the fact that
9 the figures that I gave you earlier referred
10 to the year 1960; the figures in the brief,
11 1959.
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E/BC/ro

E. Beamish

---EXHIBIT NO. 0-20-60: Text of a report
carried in the December
1958 issue of Canadian
Editor and Publisher.

MR. R. E. BEAMISH: I will read that
text, which is the complete text of a report
carried in the December, 1958, issue of Canadian
Printer and Publisher:

"This is the text of a United States
Post Office announcement of changes in
postal rates on U. S. printed matter
mailed to Canada and other countries:

"American newspapers, magazines,
books and sheet music mailed abroad will
pay less postage starting January 1, 1959,
than originally announced, Postmaster
General Arthur E. Summerfield reported
today.

"In view of the growing world acceptance
of American published materials and the de-
sire of Americans to encourage their
influence abroad, Mr. Summerfield said
the Post Office Department is trimming
\$2 million annually from the international
postage rate increases which it had scheduled
for those publications, starting January
1, 1959.

"The Post Office Department, which
has the administrative authority to set



1
2
3 international postage rate increases,
4 first announced the increases for these
5 printed materials in the Federal Register
6 last July 15.

7 "However, Mr. Summerfield explained,
8 the Post Office department has decided
9 to cut back some of the planned increases,
10 after consultation with other federal
11 agencies and on the basis of recommendations
12 from many private educational and
13 cultural groups.

14 "'There will be some moderate rate
15 increases, to keep them more in line with
16 the domestic rate increases, some of
17 which take effect also on January 1,'
18 Mr. Summerfield explained.

19 THE CHAIRMAN: Is this a paraphrase of
20 what he said or are you actually quoting Mr.
21 Summerfield.

22 MR. BEAMISH: This paragraph is a direct
23 quote of Mr. Summerfield.

24 "'However, by this new move we will be
25 keeping increases moderate enough to
26 encourage the continued growth of
27 the world market for printed materials
28 which spread American ideals, culture
29 and facts abroad.'"
30



1
2
3 The rest of it is now quoting the Canadian
4 Printer and Publisher, which was quoting the Press
5 Release.

6 "Here are some highlights of the
7 international rate increases for these
8 publications as they are now revised:

9 Second class mail (mostly newspapers
10 and magazines) and books to all countries
11 except the Latin American nations" --

12 And may I interpolate myself at this point, except
13 for Canada, too, as we shall see in a moment --

14 "Will go from 12½ cents for the first
15 pound (2 cents for the first two ounces
16 and 1½ cents for each additional 2
17 ounces) to 13½ cents (3 cents for
18 the first 2 ounces and 1½ cents for
19 each additional 2 ounces).

20 Second class mail (mostly newspapers
21 and magazines) to Latin American nations
22 will be 9 cents on the first pound (2
23 cents for the first 2 ounces and 1
24 cent for each additional ounce).

25 Books to Latin America will go
26 also to 9 cents on the first pound
27 (2 cents for the first 2 ounces and 1
28 cent for each additional ounce.

29 Rates on daily newspapers to
30



1
2
3 Canada from the United States will be
4 revised over a three-year period to give
5 recognition to the average haul of such
6 publications. The proposed rates on
7 daily newspapers moving to Canada will
8 be applied uniformly to magazines and
9 weekly newspapers.

10 At present daily newspapers moving to
11 Canada are charged the domestic eighth
12 zone rate, which applies to distances
13 of not less than 1,800 miles.

14 Under the revised proposal, daily
15 newspapers will be charged domestic
16 sixth zone rates, which apply to
17 minimum distances of 1,000 miles.

18 As a result, newspaper rates to
19 Canada will be reduced by 10.9% in the
20 first year, with a return to present rate
21 levels in 1960 and ultimate net increases
22 of 14.5% in 1961.

23 COMMISSIONER BEAUBIEN: Mr. Chalmers,
24 Paragraph 13 on Page 5 of your brief states:

25 "We have derived net income from other
26 sources, such as business papers,
27 commercial printing, a press clipping
28 service and The Financial Post Corporation
29 Service, and in carrying on profitable oper-
30 ations in Britain and the United States."



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3 Are those operations connected with the
4 publishing trade?

5 MR. CHALMERS: Yes.

6 COMMISSIONER BEAUBIEN: Can you comment
7 and amplify a little on that.

8 MR. CHALMERS: Maclean-Hunter publish
9 three business newspapers or trade papers in
10 the United States and three in the United Kingdom.
11 These publications are not the subject of inquiry
12 by this Commission. It is possible, as you have
13 indicated, Mr. Beaubien, that our policies with
14 respect to them may be of some interest and value
15 to the Commission in its studies.

16 The three American papers are published
17 by a wholly owned subsidiary. Every member of the
18 staff of this subsidiary company is an American
19 citizen; this includes the President of the
20 company and the office boy and everyone in between.
21 The publishers of the three periodicals are Americans.
22 The editorial staff are entirely American. The
23 editor in each case has complete independence
24 in the selection of material for his publication.
25 He is American with an American staff editing
26 a business publication for an American audience.
27 The same policy prevails in respect to our
28 three United Kingdom trade papers. None of
29 these publications is directed, managed, or
30 edited from Canada.



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3 We go further. There is no ~~syndication~~
4 of material between the publications in the countries.
5 For example, we publish a paper for the printing
6 industry in Britain, one in Canada and one in
7 the United States. We never commission an
8 article or other feature for two or three of
9 these printing publications. The material used
10 in one is not used in another. There would
11 undoubtedly be economies in syndication of editorial
12 material, but we feel such a policy would in the
13 long run result in the weakening in editorial
14 services to the country of publication.

15 Maclean-Hunter has a very strict rule
16 against ownership of general or consumer magazines
17 or newspapers of opinion in a country other than
18 Canada. We do not want to put ourselves in
19 a position where we could be accused of Canadian
20 imperialism in the realm of public opinion or
21 political ideas.

22 COMMISSIONER BEAUBIEN: Thank you. I
23 did not want to be indiscreet.

24 MR. CHALMERS: We have no secrets.

25 COMMISSIONER BEAUBIEN: In launching
26 these two new magazines in French Canada do you
27 anticipate that you will get heavy competition
28 from French publications now being sold in
29 French Canada to a considerable extent?
30

1. Introduction

The purpose of this study is to investigate the effects of various factors on the growth of the economy. The study is based on a sample of 100 countries, selected from the World Bank database. The data is analyzed using a regression model, which allows us to control for a number of variables. The results show that there is a positive relationship between the growth rate and the level of investment in infrastructure. This finding is consistent with the theory that infrastructure is a key determinant of economic growth. The study also finds that the growth rate is positively affected by the level of human capital. This suggests that investing in education and training is also important for economic growth. The study concludes that there are several factors that can influence the growth of the economy, and that these factors should be taken into account when developing economic policy.

2. Methodology

The data for this study was obtained from the World Bank database. The sample consists of 100 countries, selected from the list of countries in the database. The data is analyzed using a regression model, which allows us to control for a number of variables. The results show that there is a positive relationship between the growth rate and the level of investment in infrastructure. This finding is consistent with the theory that infrastructure is a key determinant of economic growth. The study also finds that the growth rate is positively affected by the level of human capital. This suggests that investing in education and training is also important for economic growth. The study concludes that there are several factors that can influence the growth of the economy, and that these factors should be taken into account when developing economic policy.



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3 MR. CHALMERS: You are referring to
4 publications which have the ---

5 COMMISSIONER BEAUBIEN: Paris match,
6 for example. Do you see that you are going to
7 meet the same competition as you do now with
8 the English speaking magazines?

9 MR. CHALMERS: I have no doubt we
10 shall meet with competition from those publications.
11 The word you used was "heavy"; I do not
12 know whether to assess it as heavy or not. It
13 is certainly very significant competition in
14 French Canada today. We expect competition,
15 yes.

16 COMMISSIONER BEAUBIEN: In establishing
17 the cost of the setting up and putting into
18 operation of your English and French versions
19 of Chatelaine, do you capitalize or do you enter
20 them in the books as an expense.

21 MR. CHALMERS: The cost of establishing
22 the publication?

23 COMMISSIONER BEAUBIEN: Your English
24 and French.

25 MR. CHALMERS: They are not capitalized.

26 COMMISSIONER BEAUBIEN: They are
27 carried as an expense?

28 MR. CHALMERS: Yes.

29 In reference to your previous question,
30 I am just told that Paris Match has been exploring



1
2 an English edition, but I have no personal
3 knowledge. The cost is a publishing expense.

4 COMMISSIONER JOHNSTON: If the cost
5 was a publishing expense, would that not have
6 a bearing on the profits and losses of the magazine
7 in the last decade.

8 MR. CHALMERS: The expenses that have
9 been incurred to date in the establishment of
10 these two French magazines are so modest as
11 to represent a negligible percentage. They could
12 be separated and they would not change the figures
13 by one-tenth or one-fifth of one per cent,
14 something like that.

15 COMMISSIONER JOHNSTON: You paid a
16 sum of money. Was that charged to that year's
17 operation? Was it capitalized?

18 MR. CHALMERS: The sum paid for the
19 mailing list was charged over one year.

20 COMMISSIONER JOHNSTON: So that would
21 affect your profits for that one year quite
22 substantially?

23 MR. CHALMERS: Yes but ---

24 COMMISSIONER JOHNSTON: Unless the vendor
25 gave it away cheaply.

26 MR. CHALMERS: I do not know how much
27 you want me to go into the economics. The question
28 you are getting at, Mr. Johnston, is this:
29 We paid for mailing list to Ladies Home Journal.
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2 This was an expense in the year the purchase
3 was made. If we had not bought that mailing
4 list and we endeavoured to "bill the circulation
5 of the magazine up to what came out as the circula-
6 tion of the two magazines combined, we would
7 have spent a great deal more money. The result
8 of having done that was, in the following year
9 after we had been suffering quite enormous losses
10 on Chatelaine, we made a profit on Chatelaine and
11 actually that cost was more than made up within
12 a period of a year, it was much less than a year.
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Chalmers,

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3 COMMISSIONER JOHNSTON: Reverting to the
4 question which Mr. Beaubien asked you about these
5 magazines out of Canada, it would be interesting to
6 have you identify them. I know the name of one of
7 them.

8 MR. CHALMERS: Yes. In the United States,
9 The Inland American Printer and Lithographer, Rock
10 Products, Concrete Products, the British Printer,
11 Travel Topics, British Rate Data ...

12 COMMISSIONER JOHNSTON: You have a very
13 good memory, Mr. Chalmers. Now, you have given quite
14 a number of figures for the products and losses of
15 the company's magazines. On the company as a
16 whole, are your foreign earnings consolidated?

17 MR. CHALMERS: Yes.

18 COMMISSIONER JOHNSTON: So that they are
19 reflected in these figures?

20 MR. CHALMERS: The figures given on page 1
21 of the net profits of the company showed consolidated
22 figures and earnings, including the consolidated
23 figures and earnings, but only the Canadian sales
24 are shown there -- actually, the dividends. The
25 net profit figures after taxes and before appropri-
26 ations to contingency reserves are the consolidated
27 earnings of Maclean-Hunter in the three countries.
28 I should explain, lest this proves slightly mis-
29 leading to you, that the total sales in the country
30 shown here are the Canadian sales only. The only



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3 result of that is slightly to inflate the percentage
4 of profit on total turnover. Actually, for the
5 record, I can state that that percentage of profit on
6 the total turnover of the Canadian company was 2.9
7 per cent.

8 COMMISSIONER JOHNSTON: Does the publishing
9 industry as a whole show a high profit ratio or a
10 low one or a medium one? What is the historic record
11 of publishing?

12 MR. CHALMERS: Well, I do not profess to
13 be an authority on all phases of the publishing
14 business. In Great Britain, the ratio of net
15 earnings to turnover in the periodical field is
16 much higher than in this country, and I would think,
17 on the whole, it is higher than it is in the United
18 States.

19 Specifically, Mr. Johnston, you wish to
20 know the rate of return on sales for what types of
21 companies?

22 COMMISSIONER JOHNSTON: I was thinking of
23 periodical publishing.

24 MR. CHALMERS: For example, here I have a
25 table which I would be prepared to place in the
26 record. I believe copies are in front of you.
27 This table shows the rate of return on sales of
28 our company and other companies.

29 COMMISSIONER JOHNSTON: Your impression is
30 that the Canadian publishing industry is not as well



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3 off as the publishin industry in the United States
4 and Great Britain?

5 MR. CHALMERS: This table shows that the
6 1959 percentage of return on sales of Maclean-Hunter
7 was 2.9; the McGraw-Hill, which is the large
8 publisher in the United States, was 7.74 per cent.
9 Of Meredith Publishing, 8.21 per cent; Time-Life,
10 3.32 per cent and there are other figures there before
11 you. I think, however, that I should throw out a
12 warning with respect to the use of precise figures
13 for any company. For example, Time-Life is not
14 engaged only in the publishing business. Time-Life
15 is engaged in the business of making paper. It
16 is engaged in the business of operating television
17 and radio stations. Meredith has certain profitable
18 properties. It is also with television and radio.

19 I have also placed before the Commissioners
20 and would be glad to submit for the record the
21 statement of return on net assets of various companies,
22 ranging, in the case of Canadian publishers, from
23 31.76 per cent in 1959 to the Toronto Star; 27.50
24 per cent for Southam Press; 10.4 per cent for
25 Maclean-Hunter. But, again, I would like to warn
26 the Commissioners, although it is probably not
27 necessary, that figures like this must be taken
28 with a grain of salt, because the Toronto Star
29 changed ownership within the last two or three
30 years. I have no doubt that the new owners had



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2 some difficulty in finding all the cash that was
3 required. They sold bonds at a rate that was lower
4 than their percentage of return and this was done to
5 make their percentage of earnings on their net assets
6 considerably higher.

7 With these limitations accepted, I should be
8 happy to supply this to the Commissioners.

9 MR. QUINN: That will be entered into the
10 record as Exhibit O-21-60, Mr. Chairman.

11
12 ---EXHIBIT NO. O-21-60: Statement of return
13 on net assets of various
companies.

14 COMMISSIONER JOHNSTON: I have been very
15 interested in the statements about the demise
16 of other magazines. I am wondering to what extent
17 those failures, or disasters, were due to foreign
18 and to what extent they were due to domestic com-
19 petition.

20 I have a great deal of respect and admir-
21 ation for the aggressiveness of the Maclean-Hunter
22 Publishing Company and I certainly would hesitate
23 a long time before I tried to compete with them
24 in Canada, but I am wondering this: Reader's Digest
25 was not here 20 years ago, and, yet, there were
26 magazines on the stands:

27 MR. CHALMERS: That is correct. We had
28 an overflow circulation at that time. The miracle
29 is that any publications have survived, and I
30



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3 think I have made it reasonably clear today that a
4 major reason why Maclean-Hunter Publications
5 survived is that we developed other sources of revenue
6 that gave the company financial strength.

7 COMMISSIONER JOHNSTON: I assume that the
8 Financial Post ...

9 MR. CHALMERS: The Financial Post is
10 included in our magazine properties.

11 COMMISSIONER JOHNSTON: It is, or used to
12 be a separate corporation, but it is still in the
13 consolidation?

14 MR. CHALMERS: I do not know when the
15 charter was wound up. I have been associated with
16 Maclean-Hunter for 41 years, during all of which
17 time the figures of the Financial Post have been
18 incorporated with those of Maclean-Hunter.

19 THE CHAIRMAN: I see in your brief that
20 you call it "The Financial Post Corporation". What
21 is the financial relationship of The Financial Post
22 Corporation and Maclean-Hunter?

23 MR. CHALMERS: I was speaking of The
24 Financial Post Corporation Service, which is a
25 card service supplied of details and financial
26 statistics of Canadian corporations and is sold
27 to brokers, investment dealers and large investors.
28 There is no Financial Post Corporation.

29 THE CHAIRMAN: Thank you.
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3 COMMISSIONER JOHNSTON: Now, Maclean-Hunter
4 Company in recent years has invested large sums of
5 money in the printing plant and special presses I
6 understand -- I have not seen them -- for printing
7 Chatelaine and Maclean's Magazine and, I suppose other
8 magazines. Now, after your history, your record
9 of losses, as such, through the years, why were you
10 encouraged to make this large investment in mechanical
11 equipment?

12 MR. CHALMERS: We have never believed that
13 the climate in which Canadian magazine publishers
14 have operated in this country would continue in-
15 definitely. We have always been confident that
16 in due course, a, shall we say, more salubrious
17 climate or equitable competition would ultimately
18 prevail.

19 COMMISSIONER JOHNSTON: I notice in your
20 statement that you state that all of the magazines
21 were produced at cost. That is, the printing
22 business does not make any profit. Would the
23 printing division be worse off if, for instance,
24 you decided you had to stop printing Canadian Homes?
25 In other words, does each magazine contribute to
26 the overhead of the printing division, and would
27 your expense of the printing division rise further
28 than your losses have been on Maclean's and
29 certain other magazines?

30 MR. CHALMERS: Mr. Donald Hunter is



1
2 Vice-President and Managing Director of the company
3 and he has the printing plant, amongst manifold
4 activities and he is, perhaps, better equipped
5 than I to answer that.

6 MR. HUNTER: This would vary from year to
7 year. Over the past few years I think we would have
8 suffered more of a loss had we had to fold our
9 magazines up, scrap our printing equipment which
10 to buy new would cost well over \$3 million for the
11 presses alone. It would have been a greater loss to
12 fold them up.

13 COMMISSIONER JOHNSTON: That, I believe,
14 is the experience in other industries. The printing
15 division has customers who cannot complain if the
16 printer does not deliver on time; is that right?
17 That is, if you fail to get out a magazine on its
18 due date, the man also owns both; so, he is a captive
19 customer as far as the printing division?

20 MR. HUNTER: We get complaints. We do
21 not bring magazines out late very often, but if we
22 do, we hear about it. The advertisers let us know.

23 COMMISSIONER JOHNSTON: I wonder, Mr.
24 Chalmers, if you could recall some of the history
25 of the Canadian Magazine. There seems to be a bit
26 of discrepancy that has aroused my interest. There
27 was a different ownership briefly and suddenly it
28 folded and there has always been a mystery about it.
29 Do you recall anything about that?
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2 MR. CHALMERS: I have no direct contact
3 with our magazine division at the time and up to the
4 time that the Canadian Magazine folded and, really,
5 I do not even have hearsay evidence to give you on
6 that point. I am sorry. I think it was stated
7 yesterday that this question might be put before
8 the president of the Hugh C. Maclean Publications.
9 He is here today.

10 COMMISSIONER JOHNSTON: Mr. Daly is
11 coming on later, I believe.

12 MR. DALY: I would like to add a word to
13 that, if I may.

14 MR. CHALMERS: Mr. James A. Daly, President
15 of Hugh C. Maclean Publications Limited.

16 MR. DALY: After the question was raised
17 yesterday by Mr. Johnston, I was in touch yesterday
18 evening with Mr. Andrew Maclean, the Chairman of the
19 Board of our Company, who acted in the company
20 at the operating level at that time. I asked him
21 if he would prepare a memorandum of his recollection
22 of the Canadian magazine situation, which we
23 incorporate in our brief that we intend to submit
24 to the Commission at the Toronto hearings in
25 December.

26 COMMISSIONER JOHNSTON: Mr. Chalmers,
27 your circulation increased by one yesterday. I
28 get it at the office and I get it at home, so I
29 should be well informed on that. I have not seen
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3 or noticed in Maclean's Magazine, in recent months,
4 any fiction. Can you comment on that?

5 MR. CHALMERS: I would be very happy,
6 Mr. Johnston, to comment on that. You have not noticed
7 any fiction in the recent issues. You did not
8 indicate whether you have been disappointed. I
9 have not noticed any fiction in recent issues. I
10 have been disappointed. This subject is one that
11 has been discussed between myself and the editors
12 on numerous occasions. Maclean's Magazine, for many
13 years, published a considerable amount of fiction.
14 They had their short story awards. They had their
15 novel awards. They have not been running fiction
16 recently, primarily because we have not been able to
17 give them a magazine large enough to enable them to
18 find space for at least 6,000 to 7,000 words, plus
19 illustrations, that one fiction piece would call for,
20 or twice that space that two fiction pieces would
21 call for, and they feel that in their role of
22 telling the story of Canada and interpreting
23 Canadian life, that they can more favourably use
24 the space they have and the editorial page allocated
25 to them in a non-fiction way.
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3 There is no firm definite policy with
4 respect to this. We have changed editors this
5 year. It is possible that the current editor, Mr.
6 Blair Fraser, when he has had a better opportunity
7 to assess the job he is doing and he wants to do,
8 may revise what seems to have been the policy
9 on the part of his predecessor. It was not an
10 established policy, just one of these things that
11 happened, that fiction became less and less frequent
12 in the magazine.

13 COMMISSIONER JOHNSTON: There has been
14 quite the point made, and properly so, in the briefs
15 that the Canadian magazines would encourage
16 Canadian writers, young writers. Does this not
17 suggest either you are discouraging them or your
18 editors are discouraging fiction offerings or the
19 fiction offerings are going elsewhere or they are
20 not being written.

21 MR. CHALMERS: I wouldn't suggest that
22 fiction is the only form of creative writing. I do
23 not accept that at all.

24 COMMISSIONER JOHNSTON: I will thank you
25 for that. I have never been able to write fiction.

26 MR. CHALMERS: Chatelaine Magazine is
27 running more fiction than it ever ran. I do not
28 know what the policy of the editor of Maclean's
29 will be. He has the right to determine that. They
30 are running much fiction in Chatelaine and Revue Moderne,



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3 the French counterpart, and it is good fiction. It
4 is written by people who in many cases have never
5 had a national audience before. I hope they are
6 going to get that national audience through the
7 adaption of their stories into English for the
8 English Chatelaine.

9 COMMISSIONER JOHNSTON: I am an old reader
10 of Maclean's. I have noticed in the past year or a
11 longer time you have not been running fiction in
12 Maclean's. Are you not thereby devocating one of
13 the virtues you claim for Canadian publications,
14 by taking fiction off?

15 MR. CHALMERS: I don't think anywhere in
16 my brief I have claimed that.

17 COMMISSIONER JOHNSTON: At page 8.

18 MR. CHALMERS: I think we could shorten
19 this whole discussion by saying I do not agree with
20 the policy of the editors in this respect. The
21 point I have made with them is a very simple one.
22 I think you have just made it very well for me,
23 that one of the functions of Maclean's magazine is
24 to provide a market for the fiction writers in this
25 country.

26 THE CHAIRMAN: You put it very eloquently
27 on page 8.

28 COMMISSIONER JOHNSTON: Maclean's during
29 the recent years seems to have got in the habit,
30



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2 perhaps a good habit, of using staff writers rather
3 than outside writers. It may have been a matter
4 of necessity, but a new writer coming along would
5 not have much chance. In this latest issue I
6 notice, although I do not know all these writers
7 well enough to identify them, there are several
8 staff writers. If Canadian fiction writers and other
9 writers for magazines cannot sell to Maclean's
10 where can they sell?

11 MR. CHALMERS: They could sell to
12 Chatelaine. If it is short fiction they could sell
13 it to the Montrealer. They could sell it to the
14 Star Weekly. Mr. Beamish points out to me that
15 taking it across the board of the Maclean-Hunter
16 publications we have a list of freelance contributors,
17 regular freelance contributors amounting to 600
18 people. Not all of these write for Maclean's.

19 COMMISSIONER JOHNSTON: 600 writers could
20 not make magazines very often.

21 MR. CHALMERS: No, but that includes all
22 of them.

23 COMMISSIONER JOHNSTON: One of the dis-
24 advantages, I suggest, is this little department in
25 the back of the paper called Parade. It says you
26 pay from \$5 to \$10 for true, human antedotes
27 reflecting the current Canadian scene. I gave
28 Pierre de Bellefeuille one, and he never paid me.
29
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1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial management.

2. The second part outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the sampling process and the statistical tools employed to interpret the results.

3. The third part presents the findings of the study, highlighting the key trends and patterns observed. It also discusses the implications of these findings for future research and policy-making.

4. The fourth part provides a comprehensive overview of the limitations of the study and the potential sources of error. It acknowledges the challenges faced during the data collection and analysis process.

5. The fifth part offers concluding remarks and suggestions for further research. It encourages continued collaboration and communication among researchers in the field.

6. The sixth part includes a list of references to the works of other scholars and researchers who have contributed to the understanding of the topic.

7. The seventh part contains a list of appendices, which provide additional information and data related to the study.

8. The eighth part includes a list of figures and tables, which are used to present the data in a more visual and accessible format.

9. The ninth part contains a list of footnotes, which provide additional details and clarifications for the main text.

10. The tenth part includes a list of acknowledgments, which recognize the contributions of individuals and organizations that supported the research.



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3 I think one of your competitors, American
4 competitors, Reader's Digest pay \$100 for this
5 sort of thing. I suggest that is a further dis-
6 advantage to Canadian writers and a disadvantage to
7 your paper, probably.

8 MR. CHALMERS: I think the fact that
9 the scale of payment on Canadian magazines has been
10 rising steadily but is less than the scale of pay-
11 ment that can be afforded by very wealthy American
12 magazines. It is a disadvantage.

13 Are you suggesting that we should pay
14 \$100 for an item that goes in there?

15 COMMISSIONER JOHNSTON: I merely wanted
16 to get it into the record your price was \$10.

17 MR. CHALMERS: My daughter contributed an
18 item, and she got paid \$4 for it. It was later
19 picked up in Reader's Digest and she got \$40 for it.
20 I have heard about it ever since. Those are the
21 facts of life, sir.

22 COMMISSIONER JOHNSTON: What about some
23 of these articles here? How much would these run
24 to? There is one that has no author's name on it.

25 MR. CHALMERS: I noticed that. The
26 next issue offers a slight apology to the author.
27 I know who it was.

28 COMMISSIONER JOHNSTON: Would you mind
29 telling us what you would be able to pay for the
30 article?



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3 MR. CHALMERS: That is a staff written
4 article. That is an article by the resident editor
5 in Vancouver, Ray Gardner.

6 COMMISSIONER JOHNSTON: In this issue
7 have you noticed whether you have many contributed
8 articles or are they staff written?

9 MR. CHALMERS: I was an issue ahead of
10 you. I have read the next issue.

11 We start with the cover. Mr. Arbuckle
12 is not a member of the staff.

13 I notice a number of names in the preview
14 section here, all people who are not members of the
15 staff.

16 We now come to the articles. For the
17 Sake of Argument Peyton S. V. Langens is not a member
18 of the staff. U.S. Report by Ian Landers, a
19 member of the staff. The next article is written
20 by a member of the staff. The next article, Mr.
21 Herbert Manning is not a member of the staff.
22 The next article on telepathy, not a member
23 of our staff. The next article, St. Laurent's
24 Race to Rescue the Enemy, a war story, not a member
25 of our staff.

26 We Adopted a Negro, not a member of our
27 staff. Weekend on Baffin Island, a member of our
28 staff. The Fatal Fascination of Car Racing, not
29 a member of the staff.

30 The Biggest Little Man in Low-cost Housing,



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2 not a member of the staff.

3 A Medical Diagnosis of the Links Between
4 Alcohol and Sex, a member of our staff. Actually,
5 the member of the staff only asked the questions
6 which are shown here with the prefix "Q" and the
7 "A" representing answer is followed by material
8 that was not given by a member of the staff. It was
9 50-50, shall we say. The story on wrestling is
10 not by a member of the staff. The page on cartoons
11 is not a member of the staff. Maclean's Movies,
12 is not a member of the staff.

13 THE CHAIRMAN: Is he a regular contributor?

14 MR. CHALMERS: He is a regular contributor,
15 yes. One or two minor features in the back of the
16 book are by members of the staff. What is the
17 percentage there?

18 In the articles listed in the index,
19 the feature articles, we will eliminate the previous
20 section for convenience, 10 are listed, of which two
21 are by members of the staff -- two and a half,
22 really, if you recall the article on sex and
23 alcohol. It has been mentioned. The staff member
24 asked the questions so that is two and a half of the
25 ten, 25 per cent written by members of the staff
26 and 75 per cent contributed.

27 THE CHAIRMAN: Any other questions?

28 COMMISSIONER JOHNSTON: The editorial cost
29 taken off page 8, at your paragraph 27.
30



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

Chalmers,

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COMMISSIONER JOHNSTON: She is a very
regular contributor.

MR. CHALMERS: Oh, yes.



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7 MR. CHALMERS: Yes.

3 COMMISSIONER JOHNSTON: Have gone up
4 frequently, I suppose, that is almost entirely due
5 to salary increases?

6 MR. CHALMERS: Salaries, payments to
7 contributors, payments to photographers, payments
8 to illustrators, engraving.

9 COMMISSIONER JOHNSTON: On the matter of
10 engraving, do you buy them all in Canada?

11 MR. CHALMERS: All, we buy 100 per cent in
12 Canada.

13 COMMISSIONER JOHNSTON: You do not buy any
14 substantial amount of supplies out of Canada that you
15 could get in Canada?

16 MR. CHALMERS: No, we do not.

17 COMMISSIONER JOHNSTON: You have in
18 paragraph 29: "A very considerable number of free-
19 lance writers and photographers are now able to
20 enjoy a comfortable living from their contributions
21 to Canadian magazines alone". I would have questioned
22 that a few years ago. You say it is a fact.

23 MR. CHALMERS: The ones whom I mentioned
24 as I was leafing through the book, Russell Roberts,
25 June Callwood, most definitely.

26 COMMISSIONER JOHNSTON: She is not on your
27 staff?

28 MR. CHALMERS: Freelance, she is not on
29 our staff.
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3 COMMISSIONER JOHNSTON: I would
4 think, in paragraph 44 of your brief, you could
5 have expanded by pointing out that the imports
6 of United States magazines, or other foreign
7 magazines for that matter, would have increased
8 the sale of United States brands of appliances,
9 particularly in that field. Could you give me,
10 from your own knowledge or from one of your
11 associates, what would be the price of, say, a
12 major contribution to Maclean's Magazine, one that
13 you might start at the front of the book or
14 close to the front of the book.

15 MR. CHALMERS: This is a little difficult
16 to answer, and for this reason. It is very
17 seldom that a writer comes into the office with
18 an article, that you read it, that you say,
19 "We'll buy it; we'll pay you \$X for it." Usually
20 what happens is that the writer comes into the
21 office with an idea, or is called into the office
22 more frequently because the editor has an idea,
23 and a subject is discussed. The subject may call
24 for a quite limited amount of research and study.
25 It may, on the other hand, call for quite extensive
26 travel. The rates of payment take all that into
27 consideration. The regular feature articles
28 in Maclean's Magazine have not, I think, been
29 bought for Maclean's in the past year under
30 \$300, but this would be a minimum price and the



1 figure would go to quite substantial amounts.
2 I would hate to speak from memory as to what
3 it cost us for the use of Karsh and his technicians
4 across Canada taking photographs across this
5 country. It ran into thousands of dollars, many
6 thousands of dollars. I would think very few
7 articles in Maclean's Magazine have cost less
8 than \$600.

9 I could have the editor appear before
10 you and answer that question.

11 COMMISSIONER JOHNSTON: I was surprised
12 that you do not seem to be accompanied by the
13 editorial people. Under our terms of reference
14 we are dealing with the culture of the country,
15 but the people appearing are all on the business
16 end. Perhaps we might come back to that.

17 Can you give us, or will we leave it
18 until later, the percentage of gross income taken
19 up in editorial expense. Something from 14
20 per cent to 18 per cent was mentioned this morning.

21 MR. CHALMERS: Do you mean on magazines?

22 COMMISSIONER JOHNSTON: Take Maclean's
23 Magazine.

24 MR. CHALMERS: You really want to break
25 down the cost figures of an individual magazine
26 before this Commission -- every individual magazine?
27 Are you going to get this from everybody else,
28 the people with whom we are in competition?

29 COMMISSIONER JOHNSTON: I suppose if it
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3 seems pertinent we might require it.

4 THE CHAIRMAN: Perhaps the question can
5 remain until after the accountants have seen your
6 statements. I think the questions can be asked
7 more meaningfully then.

8 COMMISSIONER JOHNSTON: The point is,
9 if you are spending a considerable amount of
10 money in your magazines for producing the high
11 quality that the country needs, then I think we
12 should have some basis of comparison with other
13 publications.

14 MR. WALLACE: The remarks I made this
15 morning on the 14 per cent to 18 per cent
16 were merely giving you a mean average. They
17 ranged from, I think, the low of ten per cent
18 up to the high of 57 per cent, but for the industry
19 as a whole this was an average.

20 MR. CHALMERS: Maclean's Magazine in
21 1959 had editorial expenses of \$567,281, representing
22 12.3 per cent of the total revenues of the
23 publication.

24 COMMISSIONER JOHNSTON: Thank you, that
25 is useful information.

26 There is one very small question I
27 would like to put to you could you make a
28 guess at the number of people who are engaged
29 in writing fiction for publication in magazines?
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MR. CHALMERS: In Canada?

COMMISSIONER JOHNSTON: Yes.

MR. CHALMERS: I would not, no.

THE CHAIRMAN: There are some questions
I would like to ask you, but you are coming back
after we have looked at your documents, which
you have very properly put at our disposal.
We shall have other questions to ask you then.

---Adjourned until 10:30 A.M. on Wednesday,
16th November, 1960.

1. What is the purpose of the study?
 2. What are the research questions?
 3. What is the significance of the study?
 4. What are the limitations of the study?
 5. What are the conclusions of the study?

